N INTERESTING SPECU... N FLORIDA LAND.—SEE PAGE 522

The MAGAZINE of WALL STREET

EDITED BY

Richard D. Wyckoff

1926's Best Stock Opportunities In Thirteen Groups

A Campaign of Extortion Against the U.S.

Prospects of Companies in Building Industry

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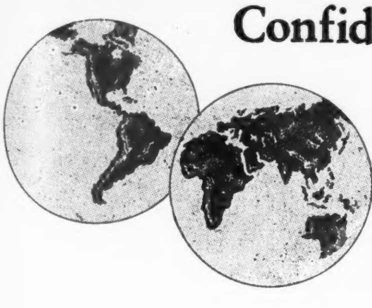

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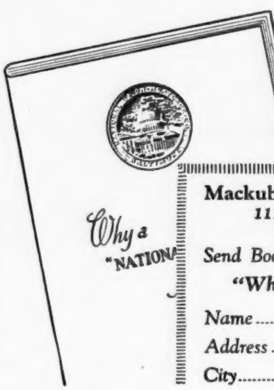

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Retiring Chairman of Interstate Commerce Commission Forecasts Many Years of Prosperity

By

Charles C. McChord

AFTER fifteen years of faithful service on the Interstate Commerce Commission, that ultimate director of the 250,000 miles of railway in the U. S.—Charles C. McChord has tendered his resignation to President Coolidge in order to resume the practice of law in Washington. His resignation becomes effective when the Senate confirms his successor. During the years of his service on a semi-judicial body Mr. McChord has consistently declined to grant interviews or make public statements of a personal nature. The following article, therefore, is the first communication to the public in fifteen years from a man who has been as close as any other to the heart of national affairs—who feels it his duty to proclaim prosperity to the "investors in the United States"—who so largely read The Magazine of Wall Street. We feel that no place in the magazine could be so appropriate to his statement as this page. —Editor.

FOR many years I have been in a position of vantage to view what may be called the parade of the Republic. As chairman of the Kentucky State railway commission, and later for these fifteen years a member of the Interstate Commerce Commission, I have necessarily been in the closest touch with some of the fundamental economic and business factors of the time. But my relation to them and all business affairs was necessarily that of an impartial, though profoundly interested, spectator and, to a degree, judge and arbitrator. Therefore, it is permissible for me to say that I have seen the passing show of the nation's majestic progress without distortion of view or color of judgment.

"Drawing on the accumulated observations of years and blending them with the undisputed facts of the moment, it is my conclusion that the United States is again marching triumphantly forward on a wide, smooth highway of prosperous achievement.

"The World War caused us to lose the rhythm of progress for two or three years, but we have caught the stride again, and are all the better for that dread experience. The war made us courageous and unafraid as a nation. The citizen who did his duty at home, no less than the stalwart fellows who wore the helmets, felt in the common sacrifice and stupendous deeds, industrial and military, of the greatest of wars a new birth of national courage and will to do. Today this nation shrinks from no political, social or physical task, and fears nothing under God. We have our being in an inspiring sense of strength and power. Well may we say that there are giants in these days. Never has man so mastered nature and harnessed her energies as now and here. Never was the sum of human well-being so great as at this moment in this potent land. Never were there such great fortunes so benevolently administered. Never was man so concerned for his fellow-man as in this land of the dollar. Never was the spirit of social justice so universal and effectual. Never since the first barter, born of the first gleams of human intelligence, has there been such effective direction of industry and commerce for the common good as now.

"This nation is not only moving forward with speed and a momentum without parallel in history, but it is moving upward.

"I see no problem that need baffle us, no obstacle that we cannot conquer. The outlook for 1926 and for many years thereafter is one of prosperity, industrial advance, transportation, improvement, social amelioration, and good will. Never was there a better time for men to invest in a share of the United States."

Will you be satisfied with the contents of your safe deposit box during 1926?

THIS is the time for checking carefully every stock and bond on your list. This is the time to weed out the undesirables — the ones which pay interest intermittently, or not at all.

Right now you should adjust your complete list for maximum income during 1926. As you check *yield* and *safety* and *marketability* on every purchase you make, you will find that no bonds possess all three qualities *equally*. But you will find that Miller First Mortgage Real Estate Bonds possess high interest yield and safety beyond question.

By purchasing Miller Bonds today you can make sure of a higher average yield on your entire list during 1926. And you can save yourself the worry and trouble and possible loss of shifting at the next reinvestment period.

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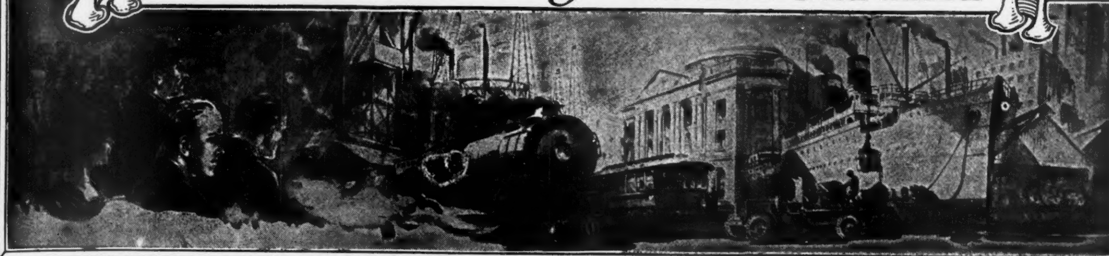


EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Will Speculation Creep Into Business?—Record-Breaking Dividend Payments—Weak Spots in the Situation—Wage Increases?—The Market Prospect

WITH a record-breaking number of prophetic utterances on the coming year already harvested, it is worth while noting that the more authoritative statements, while acknowledging the sound situation in business, give voice to fears that enthusiasm generated by nearly four years of prosperity may serve to cause business men to loosen their bonds of restraint imposed during the depression of 1921 and enter upon projects of undue expansion. In other words, what they fear is that inflation may be upon us with its concomitant of business reaction and possibly depression. Certainly, most authorities agree that except for the possibility of inflation and its attending discomforts, there is little on the horizon which would indicate any serious possibility of a material recession in trade and industrial activity.

In it worth while examining this inflation possibility. The situation at present does not, it is true, offer an inflationary aspect, aside from two respects. The first of these is in securities, which have risen now for more than three years, except for an occasional reaction, almost without cessation. That many securities are now at inflated values no competent judge will deny. The second phase consists of continued speculation in building and land values which cannot indefinitely be maintained at these levels.

The ease, however, with which profits in securities and real estate have been made and the continued expansion of business at good profits exerts a subtle though powerful influence. Under the stimulus of money more or less easily made, it takes a very determined type to resist the impulse to expand business on a scale greater than actually warranted. Goods and commodities in a period like this are easily contracted for in excess of needs and if, finally, the business should not be forthcoming, anxiety to dispose of surplus goods could easily result in an unprofitable period.

As yet, it cannot be said that inflation has crept into business. Certainly it is not indicated in the commodity price level. Should, however, prices show a tendency to rise, a clear indication would be had that the underlying inflationary tendencies are operating and this ought to be accepted as a signal of coming reaction.

The cloud on the horizon at this time is hardly larger than a man's hand but it may grow. Its possibility of growth remains the constant threat to business. How will our business leaders meet it?

LARGE DIVIDENDS

DATA on dividend and interest payments in January provide some very interesting food for thought. Figures recently compiled indicate that the huge total of $509,000,000 was paid out in January against 458 millions in the same month of 1925. The figures are apt to be a little misleading. Upon analysis, it appears that dividend payments amounted to about 166 millions against 158 millions a year ago, a gain of only a trifle over 5%, and this in a year of undoubted prosperity. On the other hand, interest payments amounted to 342 millions against 300 millions, a gain

of about 14%. This is easily accounted for by the large increase in bond issues during the past year.

On the whole, the results are not as good as might have been expected considering the great general activity in business. It is rather difficult to draw any general conclusions from this record but it is clear at any rate that a great many companies have found it expedient to continue financing through sale of bonds rather than stocks, though one might have expected that the almost continuous rise in the stock market would have made new stock issues easy to float. The entire matter furnishes an interesting commentary on the attitude of the investing public, which evidently is still disposed to favor bonds as against stock. In view of this situation, one wonders how the forthcoming efforts of the railroads to finance themselves through sale of stock will turn out.

LABOR CONDITIONS

THE forthcoming railway telegraphers' demand for higher wages may be the forerunner of similar demands by other railway labor organizations. Undoubtedly, the stimulus to such developments has been supplied by the higher rate of railroad earnings which has caused labor to want its share of the increased profits. It is far too early to estimate the success of the unions in their attempt but it is significant that the demands will be pressed while Congress is in session.

For nearly three years, this country has been singularly immune to labor troubles. There have been sporadic strikes here and there but, except for the current anthracite miners' strike, there has been no serious interruption to production arising from labor conditions. Whether this fortunate condition will continue in 1926 cannot now be foreseen, but it is significant that the voice of labor is already louder than has been the case for some time. The situation, naturally, is the result of a period of prosperity such as the one through which we are now passing.

SOME WEAK SPOTS

MOST industries are today operating at a good rate but the outlook for several appears uncertain. In fact, there are several very important industries such as coal and sugar still lingering near the depression point.

Of especial interest is the outlook for building and construction, and automobiles.

Of the first, it may be said that there is reasonable doubt as to whether 1926 will equal 1925, though the difference is not expected to be a large one. Still the tapering off process may be expected to materialize this year and we shall probably witness even more striking results in 1927.

As to automobiles, it is felt that while the volume of production and sales will be very satisfactory as a general proposition, nevertheless, the slightly higher costs of manufacture, combined with probably a lower price scale, will contrive to make 1926 less profitable for the makers than the preceding year. The smaller companies, in particular, would be affected by a situation like this owing to their more limited resources.

On the other hand, such industries as railway equipment, farm machinery and implements should enjoy a more active period than has been the case. Additionally, one may look forward to good things at least for some time from the following: steel, petroleum, metals, chemicals, and retail trade.

MARKET PROSPECT

THE long expected raise in the rediscount rate of the Federal Reserve Bank of New York finally materialized and, in a few days weakness manifested itself in the market. A period of definitely higher money rates is forecast by the action of the New York institution and credit for speculative purposes in the ensuing period is likely to be less abundant than heretofore. With the prop of cheap money missing, the market loses one of the chief factors in its advance. It is reasonable to suppose, in estimating the trend of securities at this stage, that more sober attention will be paid the realities of the business situation and that stocks will be subject more and more to the infallible test of actual earning power as applied to their market price. In other words, stocks are likely to move now more in accordance with the actual outlook for their companies, and manipulation is likely to be less effective than in the preceding period. Practically speaking, it is dangerous now to follow stocks which have had unduly prolonged advances, though certain opportunities may still be found, principally in the railroad, petroleum, steel and mining groups.

Monday, January 11, 1926.

Do Shareholders Benefit From Consolidations?

Facts Behind Some Recent Mergers—Their Meaning

By E. D. KING

HISTORIANS of the present financial era will devote considerable space to the growing tendency toward the concentration of capital. It is a phenomenon by no means confined exclusively to the United States. For years, as a matter of fact, Europe has been building up a group of super-trusts, some of them rivalling our own in capital investment and operations. The really influential banks of England, for example, amount to only five or six, each one swinging a staggering amount of business. In Germany, are huge combinations in the chemical, metallurgical, and textile fields. Likewise, the French have formed, in combination with the Germans, a steel merger which is virtually in control of that industry in Europe.

Foreign financiers and capitalists are intent not only on developing huge industrial combinations to monopolize their respective fields in their own countries, but have an eager eye on possibilities toward dominating world markets. In their desire to organize efficiently for the coming struggle in world trade, industrialists abroad are combining with each other, entirely irrespective of nationality.

This process has recently seeped into this country. Only several weeks ago, the Anaconda made a working arrangement which gives it control of the von Giesche Erben zinc mining and smelting interests in Silesia. This is the largest zinc producer in Europe. Other illustrations may be cited. Thus, the Foundation Company of America for several years has been making arrangements with foreign companies and has now a number of subsidiaries abroad. The same is true of the International Combustion Engineering Company and many others.

More and more, the business of the present is being conducted by gigantic combinations of capital. But even these combinations will be dwarfed by the combinations to come.

In the United States, the situation is particularly interesting. Contrary to Europe, we have not in the past been enthusiastic about "trusts." We still have anti-trust laws on our books. Consequently, the building up of huge combinations in this country has proceeded against legal handicaps. The break-up of the old Standard Oil Company is a matter of comparatively recent history and only several years ago, it looked as if the United States Steel Corporation might suffer the same fate. Yet in the past few years, there have been scores of huge mergers.

What has changed the situation? Two factors are mainly responsible and both are interrelated. They flow from the economic and political background. With the advent of the Harding Administration and, more particularly, under the present Administration, a new attitude toward Big Business has come into being. This attitude is favorable. Even the Supreme Court has recognized the changed situation by not stressing the anti-trust laws, though intimating that future license on the part of big corporations might be followed by a recurrence of the Rooseveltian trust-busting tactics.

But the main factor has been an economic one. This is a day of great competition in business. At one time in our history, competitive efforts stimulated new enterprises and produced wealth. Today, however, owing chiefly to the greater power of labor and the increased costs of production, competition is proving deadly, especially to smaller companies. Even the bigger ones find it necessary to combine so as to be in a better position to control their costs

and secure their markets. The situation has so developed that those companies with the greatest access to credit, materials, markets and labor are in the best position to win in the struggle for existence. Hence, though small companies are still being started, the underlying tendency is toward consolidation, with the field gradually being left to the larger companies.

How competition works out today is best illustrated in the coal industry. Its growing lack of stability and steady impoverishment may be traced to the fact that there are far too many companies in the field. Production has been stimulated at a time when fundamental conditions facing the industry are unfavorable. This has not only hurt the smaller companies but has seriously undermined the bigger ones, neither group being nearly so well organized or efficient as the miner's unions. The one hope for the industry, outside of nationalization, is consolidation and a trend in this direction is already being witnessed in regard to the rumored merger of several important companies operating in the Pittsburgh district.

Each industry has on its fringe a number of small, struggling companies which are a despair to their owners and a menace to even their larger and better organized competitors. In a way, it may be considered that the mergers of large companies today is partly a result of a desire to escape the ill-effects of competition by their smaller rivals.

A good illustration is the very recent merger between the Pacific Oil Company and the Standard Oil Company of California. Both, for years, have had to contend against unstable markets caused by over-production in a field which offered opportunities to small and big companies alike. Unable to agree on a common policy of production, however, the results have not been especially advantageous, particularly in the past two years. Hence, the desire of the larger companies to amalgamate and thus possibly offset the sniping conducted by the small fry. By massing their resources, the new California oil combination ought to be in a better position to resist the effects of this trying competition. More amalgamations in the oil industry are likely.

But recent consolidations have by no means been limited to the petroleum industry. There have been important mergers in the following: banking, steel, railroads, public utilities, department stores, automobiles, mining, food products, silk, moving pictures, baking, paint, chemicals, refrigerating machines, ice cream and dairy products, etc., etc. Hardly a field has been left untouched, which is not surprising since the same economic influences are bearing down on all.

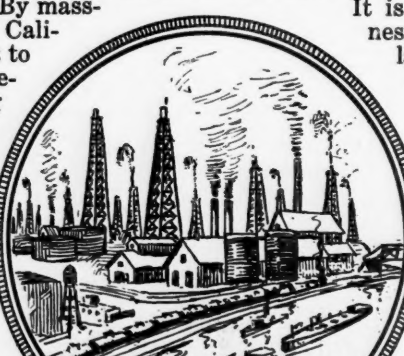
In each consolidation, the principal motive has been the same. This has been the desire to increase operating efficiency for the purpose of gaining greater access to markets and thus meet competition. The question is now: just how will these developments affect the stockholder?

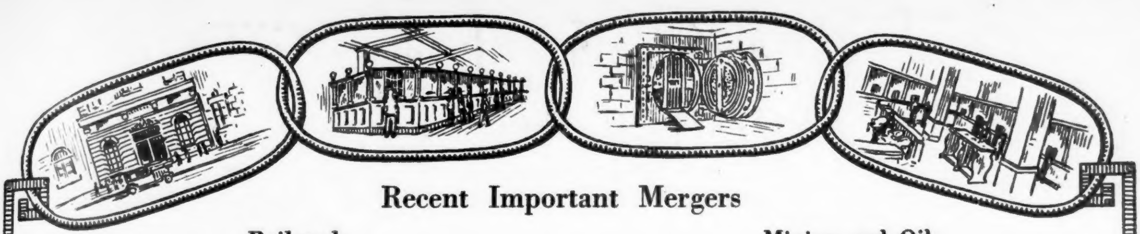
Granting the basic purpose of industrial concentration to be sound, it cannot be said that consolidation is altogether a blessing from the shareholder's viewpoint. It takes a considerable period for an amalgamation to become effective, and during this period, the shareholder has to bide his time. Operating efficiency must be effected; the dead wood must be cast out; new bookkeeping methods must be installed; the various departments must be coordinated; frequently, new financing must be resorted to; and all this has a tendency to interfere with immediate earning capacity, and certainly postpones dividend consideration.

The Bethlehem Steel merger, consisting of an amalgamation of the old Bethlehem Company, Lackawanna Steel, Midvale and Cambria, has been in operation for a few years, yet earnings have not reflected the change except recently. And, what is equally important from a stockholder's viewpoint, dividends have not yet been forthcoming and may not be for still a considerable period.

The Allied Chemical consolidation took place in 1920, yet shareholders have been receiving the same $4 rate throughout the intervening period, though it now appears that the company is at last in a position to be more liberal in its disbursements. At any rate, it has taken both these companies a very long period in which to make their respective amalgamations really pay.

It is obvious then that mere bigness in itself is not a guarantee of large profits. In fact, the mere immense size of a newly made merger may in itself be a handicap for a time since there is much more to accomplish in order to produce efficient operating conditions. It must not be forgotten that the early days of the U. S. Steel merger were not especially happy ones for the shareholders and it was not for years that real progress was made.





Recent Important Mergers

Railroads

Atlantic Coast Line—*Carolina, Clinchfield & Ohio*
Chesapeake & Ohio—*Erie—New York, Chicago & St. Louis—Pere Marquette*
Chicago & Northwestern—*Chicago, St. Paul, Minneapolis & Omaha*
Delaware & Hudson—*Buffalo, Rochester & Pittsburgh*
Illinois Central—*Alabama & Vicksburg—Vicksburg, Shreveport & Pacific*
Missouri Pacific—*New Orleans, Texas & Mexico*
Norfolk & Western—*Virginian Railway*
Southern Pacific—*El Paso & Southwestern*

Public Utilities

Columbia Gas & Electric—*Ohio Gas & Electric—Dayton Gas Co.*
Niagara Falls Power—*Niagara, Lockport & Ontario Buffalo Gen. Electric—Tonawanda Power*
Virginia Ry. & Power—*to Stone & Webster*

Financial

American Exchange National—*Pacific Bank*
Chatham & Phenix National—*Metropolitan Trust*
East River National—*Bowery Bank*
Manufacturers Trust Co.—*Gotham National—Fifth National—Yorkville*

Mining and Oil

Anaconda Copper—*Von Giesche zinc mines*
Nevada Consolidated Copper—*Ray Consolidated Copper*
Pan-American Petroleum—*Standard Oil of Indiana*
Shattuck-Arizona Copper—*Denn—Arizona*
Standard Oil of California—*Pacific Oil*
Standard Oil of New York—*Magnolia Petroleum*

Industrial

American Car & Foundry—*Fageol Motors*
Armour & Co.—*Morris & Co.*
Arnold Constable—*M. I. Stewart*
Belding Bros.—*Hemingway Mfg.*
Chandler Motor—*Cleveland*
Devoe & Raynolds—*Wadsworth-Howland*
Dodge Bros.—*Graham Bros. Motor Truck*
Famous Players—*Balaban & Katz*
General Motors—*Yellow Cab Mfg.*
Gimbel Bros.—*Saks & Co.*
Ginter Co.—*O'Keefe's*
Gold Dust—*Dalley Co.*
Household Products—*Caldwell's Syrup Pepsin*
Kelvinator—*Nizer*
Kresge Dept. Stores—*The Fair (Chicago)*
National Dairy—*Sheffield Farms*
Postum Cereal—*Jell-O*

The small shareholder, of course, is not consulted in these mergers. He is apprised of the terms at a late date and usually has little to say about the matter. It may be that he is being asked to transfer holdings of a company which, given a chance, might be able to produce a very large earning power on its own account, for shares in a much bigger company but which may not be able to develop large earnings for years. During this period, he must resign himself to doing without dividends, or getting along with a small payment. Of course, the shareholder always has the option of disposing of his shares at the time of a merger.

Shareholders might consider the fact that a consolidation between two or more companies is frequently over-discounted in the stock market. Traders and cliques have a way of waxing enthusiastic over mergers, and the price of the shares of the companies involved is often driven past their real value. A good deal of false information about the future benefits to be derived from the consolidation may be spread about at such a time and it would take the discriminating investor to get at the real truth.

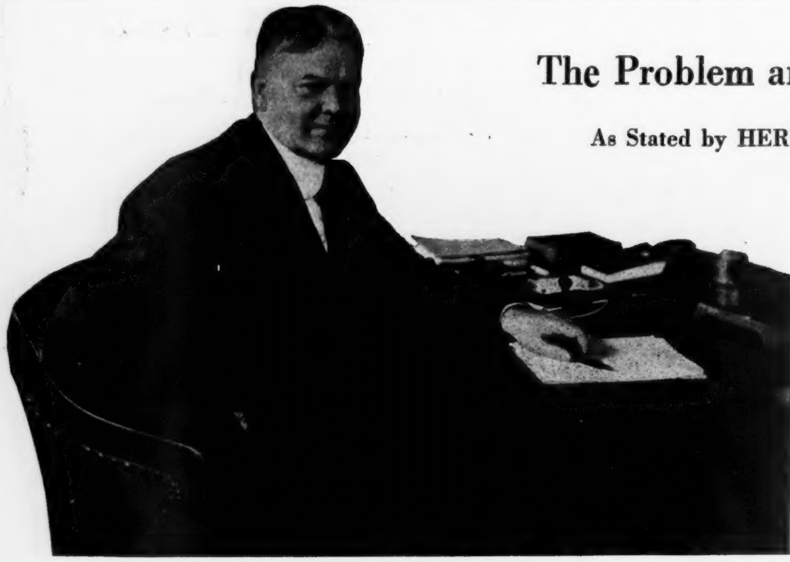
There is another significant fact which must be considered and that is that the recent consolidations have all been brought about in a rising market, at prices most of which represent very large advances. These prices are based on assumptions which may never be realized. New mergers are frequently over-capitalized, and in the process, hope rather than reality often plays a part. If these hopes were extravagant, the investor may suffer loss in his securities.

Thus, as anyone can see, there are many advantages and disadvantages in mergers. From a long-range economic viewpoint, they are undoubtedly desirable; certainly they are inevitable, considering the trend of the times. From the shareholder's viewpoint, however, especially, the small investor to whom more or less immediate results are an important consideration, it is doubtful that the merger of a given set of properties may always hold forth the greatest advantage. It must be borne in mind that big financiers going into an important merger are usually not concerned with immediate advantages. They are building for the future. These people may have the private rseources to see them through a period of long wait but the average small investor is in quite a different position. It is for him to choose whether or not he shall exercise his privilege of joining in when his company is about to be merged. He should be careful to choose correctly.

A Campaign of Extortion Against the U. S.

How Britain's Grip on Rubber Threatens Our Business Prosperity—Monopolies of Other Nations—What Can We Do About It?

By THEODORE M. KNAPPEN



The Problem and Its Solution

As Stated by HERBERT HOOVER

"The problem that faces the world, *and possibly the most serious problem,* is not alone the commodities that are now controlled, but the spread of these ideas. There are many other raw materials whose sources are so situated that they also could be controlled by action of a single Government. The price of wool could be controlled by governmental action within the British Empire. The prices of oil, cotton and copper could be controlled for many years by similar governmental action in the United States. Tea and jute could be controlled by India; antimony and tungsten by China; nickel and asbestos by Canada. * * * *We cannot allow this situation to go unheeded.*"

What We Can Do

1. "Resolutely set ourselves to reduce consumption in every article that is so controlled."

2. "We could stimulate the use and manufacture of substitutes."

3. "We could induce our citizens to go abroad to other regions and establish rival production."

4. "We could prohibit the extension of credits to countries where such controls are maintained."

5. "We could request the rest of the consuming world to join with us in these campaigns."

"It might be that such activities would bring about an everlasting lesson to the whole world."

"Alternatively * * * *

1. "We could * * * legislate and encourage the establishment of these combinations for our own producers with the view of getting back compensating amounts from helpless consumer nations."

2. "We * * * might simply act defensively by authorizing our merchants and manufacturers to buy these commodities through a single agent, and thus meet the issue of a single seller with a single buyer. For the organized consumer has ever proved stronger than the organized producer. We could win in such a battle."

3. "Another alternative is that the consumer nations of the world should secure by international agreements the same rights which they would secure in a domestic monopoly; that prices should be regulated under circumstances that the consumer has an equal voice with the producer."

4. "The sound solution lies in the willingness of statesmen throughout the world to recognize the consequences of government controlled production and price, and to meet the issue in the only way it should be met, that is, by the abandonment of all such governmental action."

FROM Hong Kong to London, and from Berlin to Buenos Aires the foreign world is chuckling. It is chuckling at the United States—and chuckling that mean chuckle of delight at the discomfiture of the mighty and the envied.

At the very apex of its power of Mammon, the American colossus has been discovered to have a vulnerable heel. It is a rubber heel. And the discovery of this sensitive spot has led to the location of others. Black men and yellow, white and brown are racing to thrust needles, if not harpoons, into these other weak places in the generally tough integument of the modern mammoth of the nations. The galled mammoth is wincing, the blood is trickling from his wounds, his ire is rising and he is milling round in quest of relief—getting ready for flight or fight.

Another crisis in international affairs has bounced in on rubber. An economic melee of the nations threatens—breeding culture of a new war, perhaps; certainly an undreamed of fusion of government and business, an unheard of ascendancy of dollar diplomacy—unless the new tendency is stopped in its tracks.

Through rubber alone, the British Colonial office may be said, without any great stretch of imagination, to be at this moment in position to precipitate an industrial depression, if not a panic, in the United States.

Already it is levying and collecting from the United States a greater tribute than the international fine imposed upon Germany for war guilt.

A similar combination of government and business in Brazil is extorting a hundred million dollars a year from the coffee drinkers of the United States.

The Dutch colonial administration co-operating with the quinine producers of the Dutch East Indies has already sextupled the price of fever relief to millions of fever-stricken people in this republic.

Six other products of natural monopoly are under some degree of governmental co-operation in various parts of the world for the purpose of maintaining, if not elevating, prices.

Fifteen more important natural products are of such limited territorial origin that governments may easily use

"We Have Brought This Trouble Upon Ourselves"

By CORDELL HULL

(Leader of Economic Thought in the Democratic Side of the House of Representative.)

"WE have brought this trouble of governmental economic controls upon ourselves in two ways. We have invited economic reprisals by our policy of fleecing our own consumers through exorbitant customs duties that keep foreign products out and domestic products up. We have virtually forbidden importation —denied our markets—to many commodities. The foreigner retorts by denying access to the materials we need and welcome—except at his price. We harass the foreigner who would sell what we would artificially keep out, and so he exploits us in buying what we wouldn't keep out.

"But chiefly we have brought this trouble upon ourselves through our failure and neglect during recent years to look over the world and analyze our trade and finance situation, present and prospective, and to render moral and economic co-operation, and to take steps to guard and protect it from such outrageous impositions. We are fast losing our foreign debts, and in addition we are now being picked like a turkey gobbler on Thanksgiving. It is now too late to negotiate with the governments involved in these holdups. We can retaliate by restricting imports from or exports to any of these countries, but we have got to realize that Great Britain today is purchasing nearly three times as much from us as we from her, and Canada is purchasing nearly twice as much as we are from her.

"The real remedy is a permanent international trade organization to deal with the more rank trade discriminations and unfair practices, and by mutual agreement to abolish that kind of conduct.

"This policy is sound, timely and feasible. We must abandon economic isolation at once and offer some sane economic and other co-operation if we are to avoid these and many other holdups."

their powers to manipulate prices if the new idea spreads. The United States has its hands on the control of only three. Forty other nations are completely helpless in this threatened new war of economic controls. The economic stability, if not the peace, of the world is imperiled . . . . And

. . . . *the whole fabric of economic individualism is in danger of giving place to governmentalization of business the world over. Nationalization of industry is creeping in by the back door.*

And all this is the work, in the beginning of a handful of British planters in faraway Malaysia operating under the aegis of the British Empire. And they talk of England being "through"!

One touch of a crown colony button in a musty old office in London makes the gasoline transport multitude of America pay over more cash to the British rubber producers in a year than the government of the United Kingdom has to pay on its debt to Uncle Sam in four or five.

That deft touch of British government to private business has jacked the total rubber bill of the people of the United States $700,000,000 a year above a fair-price realization to the planters —and even that allowed them a trifling hundred per cent profit.

Seventy per cent of the $700,000,000 is the British share, thanks to that powerful little button in the colonial office.

Such magical transformation of a plantation industry that was down and out five years ago has inflamed the cupidity of every natural product monopoly region in the world, and greedy producers and needy governments may everywhere unite in similar campaigns of extortion.

The world may be on the verge of a chaos of politico-economic holdups. Already the British example, the extremity of our corn farmers and the passion for reprisal has put new life into the demand of agricultural America that the national government shall take control of the agricultural export problem. Already Congress is considering what shall be the American answer to the British gouge, and resentment is running so high that the Speaker of the House of Representatives has dared to call the rubber episode "an international swindle." These would have been firebrand words in the old days of touchy diplomacy but in these thick-skinned days of dollar diplomacy they only evoke a supercilious smile. But words may yet be found in the anger born of pinched purses that will be barbed enough to rankle in the toughest skins.

What is this new thing John Bull has revealed to a world that was counting him out? Briefly, when the rubber planters of Ceylon, the Federated Malay States and the Straits Settlements couldn't make a go of their own private agreements to restrict production, they appealed to the overlord, the British Colonial Office. That department appointed a committee, know as the Stevenson committee, to deal with the appeal. The answer ultimately was enactment by the interested colonial legislatures of laws compelling the rubber planters to restrict production by imposing punitive export taxes on every planter who shipped more than 60 per cent of normal production —and the punitive tax applied not only to the excess but to all the rest of his shipments. Naturally, there are no excesses, and as 70 per cent of the world's rubber comes from these British planta-

(*Please turn to page* 560)

When Common Stocks Are Gold Mines

The Most Profitable Way of Investing—What Are The Ingredients?—A Hint and a Warning

IF you had $5,400 cash on January 2, 1922, you could have bought 100 shares of North American common. If you held your stock throughout the intervening period, you would now be the possessor of something like 1,070 shares of stock, each share now worth about $64 a share. If you multiply the two amounts, you get $68,400 and that's what your 100 shares of North American would now be worth, a profit in four years of about 1,150%.

Suppose instead of buying North American, you bought 100 shares of Associated Drygoods then selling at exactly the same price. If you hadn't sold in the meantime, you would now be holding 400 shares, each worth at current market quotations about $55 a share. The value of your investment would now be about $22,000 and your profit, if you cared to sell, would now be about 300%, not counting the cash dividends you would have received.

Both of these stocks at the time were in the speculative class. Suppose, however, you were a bonafide investor and were interested only in solid dividend-paying stocks. Suppose then with your $5,400 you acquired about 40 shares of F. W. Woolworth stock, selling four years ago at about $140 a share, you would now be holding 160 shares, each worth $210 a share, or $33,600 for the lot. If you sold now, your profit would be just about 500%.

Other illustrations of what could have been done with your money in the past four years are given in the accompanying table. They by no means include all of the opportunities of former days but they will suffice.

The tables illustrate a very profound investment truth and that is that the permanent investors in soundly established, efficiently managed and progressive companies fare best of all. They may not fare best over a short period, they may not fare best over an intermediate period, but, ultimately, they must fare best of all.

The reason is a very simple one. When companies use their earnings to create more earnings, the compounding of income which accrues increases the equities with the result that the shares, which represent a proportionate part of the equities, become correspondingly valuable.

They may not consistently advance in price. They may decline for a time due to a general market fit or to manipulation of one kind or another but, if the values are there, inevitably the shares will reflect them.

It is worth while pondering over that one correct selection of a stock will frequently do more for the investor than all the investment programs he may lay out for himself with care and fidelity to investment principle. But, assuredly, he must do more than make the selection. He must have the patience to stick and the vision to know why he is sticking. Blind allegiance to an investment is

How Leading Stocks Have Acted After Stock Dividends or Split-up

Company	Price of Stock Jan. 2 1922	Number of Shares Now Held for Each One as of Jan. 2, 1922	Present Price of Split-Up Shares	What the Old Stock Would Be Worth Per Share To-Day
American Bank Note	$57	5.5	$40	$220
American Can	34	6.0	48	288
Amer. Car & Foundry	145	2.0	110	220
Amer. Locomotive	108	2.0	119	238
American Radiator	85	2.2	115	253
American Tobacco	132	2.0	115	230
Amer. Steel Foundries	33	1.5	47	71
Amer. Water Works	6	5.0	70	350
Associated Dry Goods	54	4.0	55	220
Columbia Gas & Elec.	66	3.0	83	249
Consolidated Gas (N. Y.)	91	2.0	94	188
Corn Products	93	5.0	41	205
Eastman Kodak	635	10.0	111	1,110
Kresge (S. S.)	174	22.8	88	2,006
Liggett & Myers	162	4.0	86	344
Louisville & Nash.	109	1.6	145	232
National Biscuit	126	7.0	74	518
North American	54	10.7	64	684
Otis Elevator	118	2.0	130	260
Reynolds Tobacco	38	1.4	94	131
Standard Oil of N. J.	179	5.0	45	225
Studebaker Corp.	83	3.1	57	176
Union Tank Car	96	2.0	95	190
Woolworth, F. W.	140	4.0	210	840

idiotic under any conditions. The investor at all times must know what he is doing and why he is doing it. Because very few people have the understanding or the knowledge to make the type of long range common stock investment illustrated in the accompanying table, is why they must spread out their investments—to diversify, in other words—so that if they cannot strike a real bonanza in a single stock investment, they may at least be provided for in the sense that their risk is distributed. Otherwise, if one could definitely precast the future, there would be no sense in diversification and the investor would be warranted in placing every cent he owned—or could borrow—in a single stock.

It is significant that practically every stock listed on the table represents a company which is a leader in its field. Because the company is paramount, it is in a position to secure a large percentage of the available business. Its growth is assured and, under all but generally depressed conditions, its earnings must grow. Even under depressed conditions, its position in comparison with its competitors is favorable, because it is financially able to carry through a period of lean earnings. The depression-proof quality of a company is a most important factor to consider in estimating the potential value of a stock.

The management worth tying to will be conservative in regard to dividend payments. It may pay out a reasonable part in cash but it will also hold a large part in reserve—for contingencies, or to expand the business. It may prefer to hold most of the earnings and bide its time patiently until conditions warrant a larger disbursement to shareholders and, frequently, it will keep the stockholders waiting for years and finally make up to them through declaration of a large stock dividend or by splitting the shares into smaller units, paying a satisfactory dividend on the increased number of shares.

Of course, a stock dividend in itself or the splitting up of high priced stocks into smaller units in itself confers no benefit on shareholders since the value of their investment remains the same. If it were not for the desire of managements to enlist greater public interest in their securities and secure a broader market for them, there would be no valid reason for the existence of stock dividends or split-up shares.

It is commonly held that investors purchase common stocks as well as other securities for the income they may derive from them. This may be true of small or inexperienced investors. The truly sophisticated investor does not regard the proposition this way. Certainly, if he did, the extremely low yields on many stocks which have risen greatly in value in the past few years could never attract him. At the same time, while the yields on stocks which have advanced greatly is naturally low, it is worth bearing in mind that the yield on this type of stock is rarely high. Thus Woolworth four years ago paid dividends of $7 per share, yet the stock sold at 140 with a yield of 5%, less than a good bond. Today the new shares are selling at over 200, pay $3 in dividends and yield the infinitesimally small figure of 1.5%. Obviously, then, experienced investors do not buy stocks for their yield, that is, their direct yield in the form of cash dividends. They buy them with an eye to equities, mainly. What they are inter-

(Please turn to page 590)

People Every Broker Knows—The Widow Invests Her Mite

Is the Railroad Rate Structure Again to Be Revised?—Perils of the New Situation

CONGRESS resumes the determination of one of those economic relations, controllable by statute in America, that might easily breed a war in Europe. Lesser economic questions than the relation of long and short haul transportation charges have summoned Europe to bloody battle more than once. But the major part of this continent being under one rule, our conflicts of this sort are fought with written and spoken words, by lobbies and ballots—and perhaps a lot of underground and, sometimes, sinister considerations.

Yet the ultimate decision on the Gooding short-haul bill, which the Senate committee on Interstate Commerce is now considering, will profoundly affect regions of imperial extent territorially. Indeed, it will affect the whole of the United States, although generally thought of as if it were limited to the transcontinental and the conflict between the trade interests of the intermountain cities of the far west and those of the Pacific Coast.

Cost of Panama Canal Competition to Railroads

It is the struggle between these two groups of metropolises, waged for years, that has crystallized into the Gooding bill. It was formerly the practice of the transcontinental railways to give lower westward rates to the coast cities than to hinterland points, notwithstanding the longer haul. Since 1918 the intermountain cities have had the upper hand with the Interstate Commerce Commission, and that potent body has ordained equal instead of lower rates to coast points than to interior centers.

The railways, however, are always pressing for a resumption of their old practice; urged thereto by the growing tonnage that traverses the Panama Canal from coast to coast of the United States. Mr. Byram, a receiver and former president of the Chicago, Milwaukee & St. Paul Railway, told the commission a while back (in partial explanation of St. Paul's collapse) that the Canal has already cost his road, alone, the annual loss of $15,000,000 of operating revenue.

As Section 4 of the Transportation Act now stands, the Interstate Commerce Commission has power to permit exceptions to the general rule that rates must not be greater for the short haul than for the longer. The intermountain cities seek to nail down their present advantage by depriving the commission of the power to make exceptions on account of water competition. Senator Gooding, of Idaho, is their legislative champion. And he is a redoubtable champion, too. He put this bill through the Senate in the last Congress, and, although it is not generally so understood, he was the main individual factor in the high-tariff enormities of the Fordney-McCumber law.

Enactment of Gooding's bill would mean that such cities as Spokane, Salt Lake City, Reno and Phoenix will have a railway rate advantage as distributing centers over the big coast cities—within certain zones. It deprives the latter of a part of their advantage from being on the ocean and tributary to the Panama Canal. That is, the railways cannot meet the water rate at their terminals without lowering their inland rates, where there is no water competition. To get, say, a share of the Seattle business in competition with the canal, so far as rates govern, they must equally reduce the rate from eastern points to Spokane. And that, of course, they dare not do.

It might be interesting to speculate whether it would do the railways any good to have the power to make competitive rates to the Pacific Coast without reducing intermediate-point rates, but it would be fruitless. They are convinced that they need the power, and they bitterly object to having it forever withdrawn from the authority of the Interstate Commerce Commission.

As the commission has no control over water rates, it is, however, not improbable that if the railways had a free hand a mutually destructive rate war between the transcontinentals and Panama would ensue.

Rate Structure Investigation

Aside from the clash of commercial interests between the Mountain and Pacific Coast regions and the grapple of ship and rail, it is apparent that other and even greater interests are involved. Testimony before the commission indicates that the Canal is tending to shift manufacturing from the Mississippi Valley to the Atlantic Coast. For example, the freight on a piano from Minneapolis to San Francisco is $75, whereas it is only $15 from New York. Traffic managers of the upper valley cities, in Washington to urge the War Department to extend the government barge line from St. Louis to Minneapolis, frankly declare that nothing but an internal water line to connect Mississippi river cities with the Canal can keep them from slipping industrially.

While the Gooding bill's victory in the Senate last spring shows that the idea of restricting the Interstate Commerce Commission's power over through rates to meet water competition has a powerful following in Congress, the House appears to be opposed to it. Then, too, the investigation of the whole rate structure now being made by the commission in accordance with the Hoch-Smith resolution, adopted by the last Congress, provides an excellent excuse, if not reason, for delaying action on the Gooding bill until the commission, at some indeterminate time, shall present its conclusions to Congress. Strong influences are playing for a revision of the whole rate structure on something approaching a distance tariff rate. The time is not far distant when a battle royal over the railway rate structure will be fought under the big dome—a battle that will determine the economic future of cities and make and break railways. The outcome will be as arbitrary and as cruel as if determined by cannon and bayonets—and as far-reaching.

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"My Selection of the Best Stock"

Investment Experts Select the Stocks Which They Consider Most Attractive Among Thirteen Groups Representing Different Industries

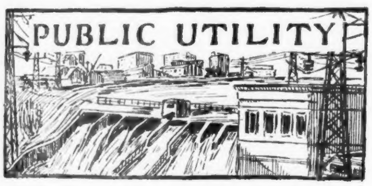
LOOKING back upon last year's bull market, the observer must be impressed with the substantial advances that have taken place in the great majority of stocks. This rise, gratifying though it has been, multiplies the difficulties of the investor who would make new commitments at this time.

Even experts find the situation one which considerably restricts their selections. The latter may not always agree in the choice of the best securities, of course, for they too have personal preferences. For the average man, however, the views of the expert should not only prove interesting but decidedly helpful at this time.

Accordingly, the following brief analyses of thirteen individual stocks, each representing a different industry, are presented to our readers. In every case, the writers have backed their opinions with pertinent facts and reasons for their selections. Each selection is that of a specialist in the respective groups. The writers were merely requested to give their choice of the stock which they regard as the best from the viewpoint of possible price appreciation. No restrictions were placed upon these selections, other than the requirement that each issue must have an active market.

It will be seen that the list includes two non-dividend payers and, with the exception of two others, each stock is listed on the New York Stock Exchange. Substantially all of the dividend payers contain a fair degree of investment merit and the list as a whole offers a wide diversification.

While each of these selections is regarded as desirable, it is not intended that prospective purchaser should make commitments immediately in all cases. As already stated, the market is at relatively high levels. The possibility of reactions must be taken into account. It is quite probable that the patient investors will have opportunities to buy those stocks which interest them, at better prices, on setbacks in the general market.



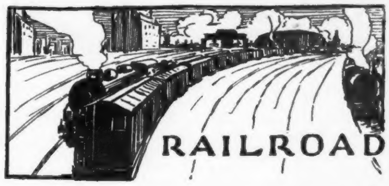
UNITED GAS IMPROVEMENT United Gas Improvement is a holding company, incorporated as Union Contract Co., in 1870, and under its present name in 1885. Present excellent management and directorate have been in control for a long period. The company operates gas and electric plants in Philadelphia, Minneapolis, New Haven, Des Moines, Syracuse, Charleston and Nashville. It also operates in many smaller localities, and is additionally engaged in manufacturing water and gas apparatus, etc., through a subsidiary company. It has no preferred stock or bonded indebtedness, capitalization consisting solely of 67.74 millions of $50 par value common stock.

Earnings per share have steadily mounted, being $4.10 in 1922; $4.92 in 1923; $6.29 in 1924 and probably exceeded $7.00 in 1925. These earnings are true earnings consisting of cash dividends received from investments, whether in subsidiary company stock or other investments. This is an extremely conservative showing, as most public utility systems report "consolidated" earnings. That is, all the earnings of subsidiaries are included bodily, whether or not they have been distributed. Present dividend rate is $4 as against true earnings of $7 per share.

These earnings have taken place despite great losses in the operation of the gas works at Philadelphia. Conservative management has cut these losses to about $150,000 per annum. It is understood, that when the contract with the city of Philadelphia expires in 1927, a renewal contract will provide for minimum earnings of one million dollars a year. This would bring earnings per share up to more than $8.

A reserve of 18.36 million dollars, or $12.50 per share, is held against the non-renewal of this contract. This reserve would be available either for distribution to shareholders or for further profitable investment to be reflected in earnings of approximately $1 a year more, whether the contract be renewed or released. Investments, which are carried at cost, have increased from 88 millions to 93 millions during the past five years. Such holdings as 200,000 shares of Public Service of New Jersey, Georgia Railway & Power, and the like, in which the company's interest is substantial, are typical of the increased values concealed under the words "at cost." Some minor gas stocks appear to be worth less than heretofore, but such losses are slight, and not always true losses. Conservative estimates indicate a valuation of 220 millions for present stock holdings, or 127 millions more than book value. The difference between present market value and cost, therefore, would be equivalent to over $100 per share of United Gas Improvement stock.

This security has many of the features of a bank or insurance stock rather than a public utility stock. Its undistributed holdings and consistent growth in earnings make the shares very attractive despite the low current yield at present prices around 120.—W. J. B.



UNION PACIFIC Union Pacific selling around 150 and yielding 6 2/3% is far out of line with other investment rails, most of which are now selling on less than a 6% basis. There appears no sound reason why Union Pacific should command relatively so low a price. For the past seventeen years, dividends have averaged 10% on the stock and earnings have consistently shown a substantial margin over dividend payments. In 1925, approximately 15% was earned on the stock comparing with 14.29% in 1924, and 16.17% in 1923.

While there has been a good deal of talk in regard to the adverse effect of Panama Canal competition on such rails as Union Pacific, the road has shown its ability to meet this competition and to return highly satisfactory earnings.

Another favorable factor in regard to Union Pacific is its very strong financial condition. As of December 31, 1924, there were 21.7 millions cash on hand and 34.3 millions United States Government securities. As a matter of fact, the road is as much an investment trust as a carrier. Investments are carried on the company's balance sheet at a value of approximately 30% of its own funded debt, whereas income from interest and dividends on these investments, in 1924, was equal to 82% of its interest charges.

The most important holdings of Union Pacific include 348,700 shares of Illinois Central common, 62,400 shares of Illinois Central preferred, 220,000 shares of New York Central, 44,200 shares of Chicago & North Western common, and 35,940 shares of Baltimore & Ohio. All of these securities have good prospects for an increase in current dividend rates before long which will naturally add to Union Pacific's income.

Another point to be considered is that Union Pacific's unusually strong treasury condition places it in position

to take advantage of consolidation opportunities that may be presented.

Prior to the war, Union frequently sold above 180 a share and reached a high of 219 in 1909. A conservative estimate of the asset value of the common stock is well over $200 a share.

In comparison with other standard dividend paying rails, Union Pacific has improved but little in market price. There is every reason to believe that it will assume a more prominent position in the railroad list before long.—F. L. K.

CENTRAL STEEL Steel stocks have enjoyed a material recovery from last year's low levels. While many of these still have good prospects, the selection of an outstanding opportunity is no longer easy. Listed on the Cleveland Stock Exchange and active on the New York Curb Market, however, is Central Steel. This security, in the writer's opinion, is a neglected steel stock of no inconsiderable merit.

Formed as a consolidation of the Massillon Rolling Mill Co. and National Pressed Steel Co., in 1921, Central Steel's business consists principally of high grade alloy steels, high finished steel sheets, strip steel plate steel and the like. These items are distributed all over the United States and are in demand for a great variety of uses. Automobile, tractor, oil well drilling, agricultural implement, building and sundry other industries are the sources of consumption.

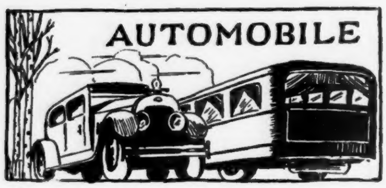
An Excellent Eight-Year Earnings Record

The company has a well rounded, strongly developed earning power. Operations have been uniformly profitable in each of the past eight years, barring only 1921, a period in which all industries encountered unusual difficulties. Gross and net revenues, moreover, have shown an impressive tendency toward expansion in conformity with the development of the company's plant facilities. For the first nine months of 1925, Central Steel earned $10.24 a share for the 244,526 shares of no par common, compared with net profits of $9.83 a share in the full year 1924 and $6.18 in 1923.

Capitalization is conservative and working capital position impressive. Plants and equipment are valued at 20.38 million dollars against which the company carried a depreciation reserve of 6.28 millions (including a small amount for taxes, etc.). Current assets, as of September 30, 1925, amounted to 14.96 millions compared with current liabilities of but 2.24 millions. The company has 4.54 millions of funded debt and 6.19 millions of 8% preferred stock, but is entirely free of bank loans.

Central Steel has been mentioned recently in connection with the rumored merger of several independent steel companies.

Should such a merger be effected, the common stock might well reflect the possibilities marketwise, since the company's strong financial position and high average earning power entitle it to favorable treatment in any consolidation. *Regardless of this possibility, however, Central Steel common appears decidedly out of line with other steel shares of comparable earning power and asset worth. The current $4 dividend gives a yield of 5.8% at 69, but this return does not measure fully the possibilities for a more generous disbursement in the current year.*



GENERAL MOTORS The choice of General Motors as the best of the automobile issues as the stock market enters 1926 may be questioned as a "middle of the road" selection. If the motor industry were entering or beginning a period of expansion and were just starting to recover from a period of poor earnings, such a question would be better founded, but 1925 was a year of exceptional prosperity in the automobile industry. The present presumption is that 1926 may be a year of tremendously sharp competition among manufacturers and possibly usher in a survival of the fittest period. Therefore, it would seem logical to select a company which appears to be the most strongly fortified and best prepared to meet any situation which may develop. General Motors is such a company. Its position in the industry is preeminent, the distribution of its products diversified, ranging from the higher priced field down through the middle grade to the less than $1,000 class. In addition, there is the commercial truck end of the business and the accessory department, both of more than casual importance.

Exceedingly Strong Financial Position a Feature

Financial condition leaves little to be desired. On September 30, 1925, cash on hand was $110,000,000, government securities amounted to $20,000,000 and over $12,000,000 was carried in the shape of temporary loans and marketable securities. No bank loans were outstanding and inventories had not shown an increase over December 31, 1924, but as a matter of fact had shown a small decrease. Yet, working capital was almost $200,000,000 and cash and marketable securities represented over thirty per cent of net capital employed.

Including the company's equities in the undivided profits of subsidiaries, General Motors earned $14.57 a share in the nine months ended September 30, 1925.

Without these equities earnings were $13.27 a share. The distribution of an extra dividend of $5 per share on the common stock at the end of 1925, which required some $25,000,000 in cash, was not unconservative in view of cash position and the earnings record of 1925. In short, such a distribution, while liberal enough to satisfy shareholders and to compensate them for the prosperity enjoyed by the company, will not mar the picture. The regular rate is $6.

In a Commanding Position in the Industry

General Motors enters 1926 with production schedule gauged to meet not only dealers' demands, but the demands of consumers, enjoys a treasury position second to none, and from a competitive standpoint, is in a position to hold its own against all comers.—H. F. B.

LIMA LOCOMOTIVE I regard Lima Locomotive as the outstanding stock opportunity of the miscellaneous railway, electrical, oil and machinery equipment groups. There are many other attractive issues in this field but Lima appears to me to hold the greatest possibilities from the viewpoint of profits during the coming year or so.

Capitalization is extremely simple, consisting only of 211,057 shares of no par value. Lima's earnings in 1925 were nothing to boast about; a loss of possibly $1,000,000 before dividends may be shown when the company issues its final report. All locomotive companies, however, were in about the same position as to earnings and Lima's poor showing is no reflection on its management or industrial position. In 1923, $11.24 per share was earned and in 1924, $7.11 per share. This indicates the earning power of the company under favorable conditions.

Lima has developed a new type freight locomotive which has made an excellent impression in railroad circles. Recent orders indicate considerable interest in the company's new product and it is expected that during the first few months of the year, business on the books should increase by a considerable margin. The locomotive business generally is expected to prosper during 1926 and Lima, as the third largest manufacturer, will benefit.

Working capital at the end of 1924 was very strong with current assets of

8.6 millions against current liabilities of 1.2 millions. Of current assets, not less than 4.5 millions consisted of Government obligations. As a result of the probable deficit in 1925, working capital position may have been slightly weakened but this is not an important factor in view of the ample liquid resources. That financial condition is strong is indicated by continued dividend payments despite poor business for almost a year. With the present and prospective increase in orders, company should turn in a very good earnings report in 1926.

The capital stock pays $4 a share and at the present price of about 68, the yield is about 6%. With larger earnings in sight, the company later on could consider payment of a stock dividend or raise the regular rate. *Floating supply of the stock is extremely small and attention attracted to the issue by the more favorable position of the company could easily result in a very considerable advance from these levels.*—E. D. K.

ANACONDA COPPER In the selection of Anaconda as the most attractive mining issue, many factors have been taken into consideration. The final choice over such attractive mining spec-investments as Kennecott and Cerro de Pasco rested, to a great extent, on considerations affecting the long range outlook rather than advantages of an immediate nature.

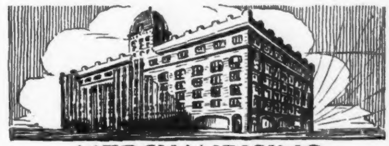
Anaconda, with its numerous affiliations and subsidiaries, is the U. S. Steel of the copper industry, fabricating 25% of the world's production of red metal and, through the recent agreement with the Von Giesche Erben interests of Germany, has a potential output of 17% of the world's production of zinc. In the zinc end of the business, Anaconda's potential output is twice that of its nearest competitor.

This German deal, consummated in cooperation with W. A. Harriman & Company, is of tremendous importance to Anaconda and gives the company control over the largest known bodies of high-grade zinc ore in the world, located on the new border line between Germany and Poland. The Von Giesche works have a present capacity of 150 million pounds annually and, with the installation of the electrolytic process by Anaconda's metallurgists, this output will be materially increased and production costs lowered. It is possible, however, that the dollar and cents advantage of this deal will not be felt until the end of the year.

Anaconda is operating at only about 75% of capacity at its Butte mines, but even on this basis is turning out 18 million pounds of copper monthly from its own ores at a cost of about 9¼ cents a pound. In the manufacture of fabricated materials, the company is surpassing all previous records with an output at the annual rate of 900 million pounds. Nothing approaching this rate of production has ever before been reached by any single company either in peace or war times.

Anaconda is so well entrenched in the marketing end of the business that it is able to keep its mills running at a comparatively higher rate than those of other companies. Its diversified production, represented chiefly in copper, lead and zinc, but also with valuable silver content, lends stability to the company's earning power. Throughout 1925, every division of the company's varied activities showed a profit, many of them showing the largest margin of profit since the war.

Anaconda is earning at the rate of around $6.50 a share on the 3 million shares of stock outstanding, including the dividends received from subsidaries. Considering the company's proportionate interest in the earnings of subsidary companies, earnings per share on Anaconda stock should be at the rate of around $7 a share. *At its present market value of around $50 a share Anaconda is an attractive speculative commitment with a good prospect of higher dividend disbursements during the current year.*—A. M. L.



MERCHANDISING

NATIONAL DEPARTMENT STORES With inflated stock values the rule rather than the exception in the merchandising field, it is extremely difficult to suggest an issue that might well be regarded as an outstanding opportunity. Dividend paying issues have been skyrocketed to prohibitive heights, while those which have yet to enter the ranks of the elect are, in the main, relatively unattractive. However, National Department Stores appeals to me as a stock that is undervalued.

National Department Stores is by no means hoary with age. Its corporate history dates back only to 1922 when it came into being as the result of a merger of five stores in Cleveland, Pittsburgh, St. Louis and Wheeling. In the following year, it absorbed the Frank & Seder retail group. Other stores have been added from time to time with

(*Please turn to page* 523)

Thirteen Stocks Favored by Experts

Industry	Common Stock	Earned per share 1924	*1925	Div. Rate	Recent Price	Yield %	High 1924	Low 1924	High 1925	Low 1925
Chemical	Allied Chemical	$7.25	$9.0	$4	113	3.5	87	65	116	80
Equipment	Lima Locomotive	7.11	def.	4	68	5.9	71	56	74	60
Motor	General Motors	7.37	16.0	†6	125	4.8	66	51	149	64
Accessory	Tim. Roller Bear.	4.84	7.0	¶4	54	7.4	41	31	59	37
Mining	Anaconda	2.24	6.5	3	50	6.0	48	28	53	35
Petroleum	Marland	1.68	10.0	4	58	6.9	40	29	60	32
Merchandising	Nat'l Dept. Stores	4.22	4.0	..	42	..	43	36	45	38
Utility	United Gas Imp.	6.29	7.0	4	120	3.4	90	58	121	90
Rubber	U. S. Rubber	3.90	10.0	..	81	..	42	22	97	33
Steel	Central Steel	9.83	13.0	4	69	5.8	50	37	82	51
Sugar	So. Porto Rico	9.57	§14.79	6	115	5.2	95	58	109	62
Tobacco	Reynolds	6.99	N.F.	4	95	4.2	79	61	95	72
Railroad	Union Pacific	14.29	15.0	10	150	6.7	151	126	153	133

*Estimated. †Also paid $6 extra in 1925. ¶Including $1 extra. §Actual earnings year ended Sept. 30.

Why Coal Industry Has Stopped Growing

Coal Steadily Losing Ground in Industrial Race—A New Day for Oil, Natural Gas and Waterpower—Its Meaning to Investors

By WM. A. McGARRY

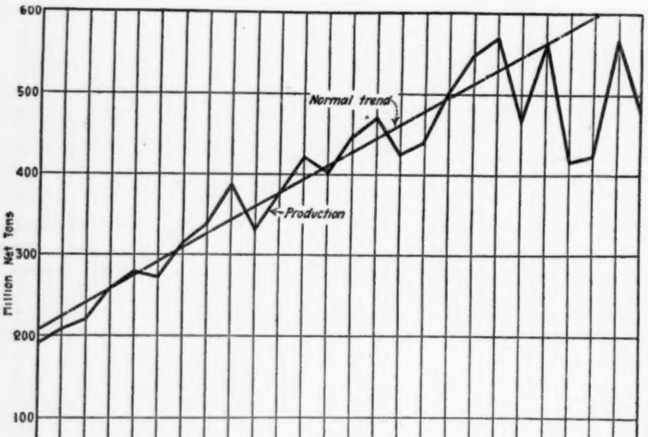


Fig. 1—Production of Bituminous Coal and Line of Normal Trend

The latter is drawn as indicated by rates of increase from 1899 to 1920. The production of bituminous coal increased almost continuously until 1918. Since then, it has been on the decline.

SIX or seven years ago a world famous scientist wrote a paper on the coal reserves of the world containing a series of facts and estimates that appeared to blast once and for all the idea that coal might some day be supplanted, or at least relegated to a place of less than dominating importance, by other sources of energy. The hydro-electric myth of a world to be operated by "white coal" was the chief point of his attack, and the savant was so little concerned with the competition of oil that he took only passing note of it.

Time has a way of confounding calculations which may be theoretically sound, but which fail to take into consideration the effect of human interference with the natural operation of economic factors. The scientist quite naturally assumed that because coal is the nearest and potentially the cheapest fuel, there would be no interruption to the economic law of least resistance. He ignored the recurrent uncertainty of supply due to strikes which forces consumers to pay high premiums in order to assure continuity of service, and to that extent his figures were theoretical with respect to costs.

Not Holding Its Own

In the nature of things such a study could not go into details of price. Yet price—the actual as distinguished from the theoretical cost—is now bringing about a situation in the coal industry which this and other experts thought to be impossible. Coal—bituminous as well as anthracite—is not even holding its own in established industries. It is getting a constantly decreasing share of the annual new demand for energy, but its slight gains here are so much less than its losses in the older fields where coal was king that unless the present trend is halted the coal industry must look forward to a continued annual decrease in demand.

It is rather interesting to note that the scientific paper referred to above was written about 1918, which is regarded by coal men as the last "normal" year for their industry, for reasons which will appear below. The scientist had no connection with the coal or any other industry. In that year, however, 678,211,904 tons of coal were mined in the United States, a tonnage that brought the line of annual increase in demand for coal back to the slant maintained for twenty years before the war. Immediately thereafter, however, a sharp drop took place.

If the years 1919 to 1922 were used for comparison it would appear that the bottom had dropped out of the coal market. But they cannot be used in fairness for the reason that the national demand for all energy fell off during the period of deflation, and when that was nearing its end coal production was reduced by strikes.

On the business barometer, therefore, the next normal year after 1918 was 1923. It was not only a year of good business comparable with that of 1918, but the coal industry was in a particularly advantageous position for a big showing by reason of the fact that stocks had been depleted by the strikes of 1922. If nothing had happened to coal, therefore, the output for 1923 should have exceeded by an easily calculated tonnage the figures for 1918. Examination of official government statistics, however, fails to reveal any such increase. On the contrary it shows a net loss of approximately twenty million tons, the output for 1923 being 657,495,926 tons.

This indubitable fact was so astonishing to some of the government experts that one group offered by way of explanation the suggestion that the industry of the country had stopped growing! It was not put as directly as that, of course. The experts suggested that perhaps the time had come when the rate of industrial increase—and the consequent increase in the demand for energy—had begun to slow up to the point where in some years it would not be visible. But after throwing out this suggestion the experts got to thinking about it, and a special study of energy demands was made by the geologic survey. In this all the sources of power—coal, oil, natural gas and water power—were combined into a single index number, fixed at 100 to represent the total for 1918. And on that basis the heat units contributed by all these sources for 1923 was found to be 112.

Substitutes Gain Ground

In other words, there was a twelve point increase in the demand for energy in 1923 over the base year of 1918. Now if the total proportion of the energy contributed by coal in 1918 be fixed at 100, the study of the Geologic Survey shows that by 1923 coal furnished only 97% of this figure—which is not to be confused with the whole index number for all fuels.

On the same scale, the study shows that domestic oil rose from 100 to 205 between 1918 and 1923; natural gas from 100 to 140; imported oil from 100 to 218, and the total contribution of oil and gas to the national energy demand increased from the index of 100 to 191. In the same period water power increased from 100 to 136. Coal, it is evident from any basis of comparison, did not even hold that share

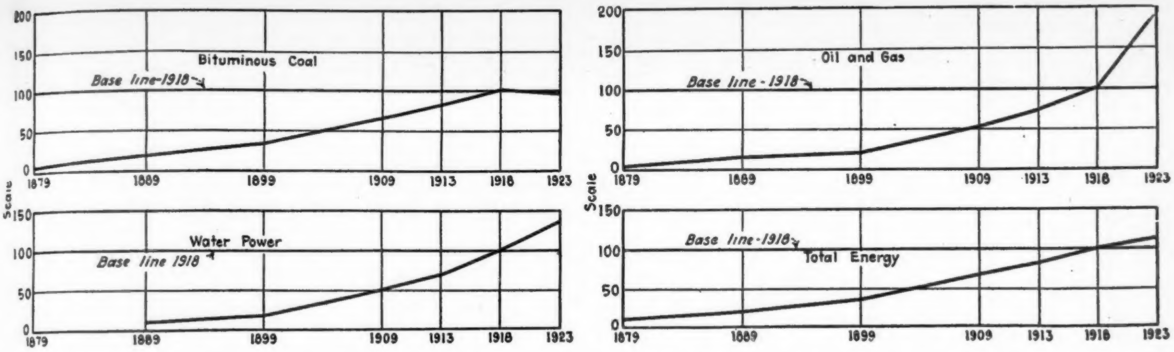


Fig. 2—Relative Rates of Growth of Bituminous Coal, Oil & Gas, Water Power and Total Energy

of the business which it had in 1918.

Heretofore it has always been possible to discount statistics tending to show a falling off in demand for coal by other figures showing a slackening in business. Even when this was not possible the figures of previous years were of little significance because when put into whole sums those for coal substitutes were found to be relatively small.

This situation finally led to the acceptance of coal as one of the most reliable barometers of business. Some years ago Professor E. E. Day of the Harvard Committee on Economic Research computed the average annual growth of demand for bituminous coal at 16,800,000 tons, and found that percentage departures from this normal compared closely with percentages similarly computed for pig iron and for all manufacturing business. If coal didn't gain its 16,800,000 tons a year it could be argued that nothing else gained enough to be seriously considered as a factor in the total national energy demand.

Today, that condition no longer exists. Growth of the use of substitutes has reached a point where the actual displacement of coal tonnage may be stated in big figures. For soft coal alone, on the basis of the 1918 index, taking into consideration the increase in energy demand but disregarding what coal would have gained had the old ratio of demand continued, the loss for 1923 has been computed by government experts at 76,000,000 tons—and this is for soft coal alone. Anthracite, which will be considered later, is not much of a factor industrially.

A study of all the factors involved in this development indicates that the question now before the coal industry and the investor concerns the extent to which the trend away from coal is likely to continue. Coal is still the dominating source of energy in the United States. But its domination in 1923 was just about half what it was in 1918. If this ratio of loss continues unabated, coal will be furnishing less than half the energy of the country in another five years, and the balance of power in a very real sense will lie with oil, natural gas and water-power. In view of the inroads already made on the coal market the effect of this situation on the competitive position of coal is too obvious to need comment.

Trend Away From Coal

Nevertheless it may be well to point out that the industry already has been influenced by this minority competition. The row over the Jacksonville wage agreement is merely a reflection of this influence. High cost union mines in Pennsylvania have found it more and more difficult to compete with the non-union mines of West Virginia. The industry is made more vulnerable to competition by the fact that capacity of the mines has been inflated far beyond what would have been necessary even if substitutes for coal had not cut in.

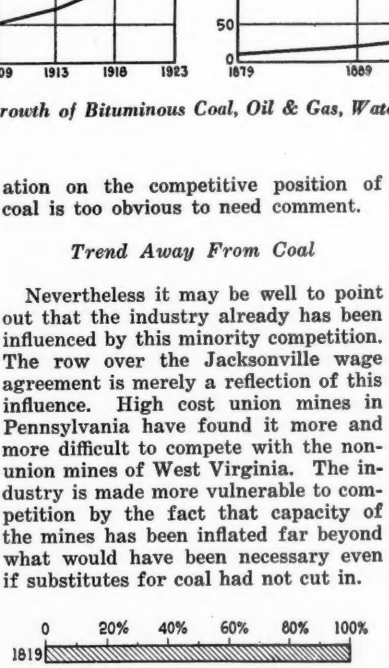


Fig. 3—Per Cent Total Heat Value of the Mineral Fuels

Anthracite in 1849 and 1859 was the leading mineral fuel in matter of heat value and for that matter in weight also. Since that time it has receded to a relatively lowly place, and new fuels and water power have been treating bituminous coal as the latter, in earlier years, treated anthracite.

Thus in the five years from 1913 to 1918 the full time productive capacity of the industry—bituminous alone—increased by 82,000,000 tons, which compares well with the estimate of normal increased demand made by Professor Day. But in the succeeding five year period—from 1918 to 1923—while the trend away from coal was gathering impetus, the full time productive capacity increased by 254,000,000 tons, or three times the normal estimate of increased demand.

All authorities are agreed that the high prices obtained during the war period and in 1920 was responsible for this increase. But now it is evident that the consumer paid these prices under protest and only as an emergency measure, for in every field where a substitute is obtainable—sometimes even at higher prices—he is turning away from coal. In many industries the cost per ton is less of an item than the necessity of continuous supply. Or rather, the cost per ton during times of normal coal supply is not low enough to offset the premium price paid during strikes, and the extra charges of various kinds which always get into an emergency order. As a consequence, even where the interest charges on a change to oil burning equipment bring the unit cost to a higher figure than that of coal, the change may often be shown as an actual economy. The cost of storing coal against strike emergencies, for example, is prohibitive to some consumers and utterly beyond the range of the possible for others.

Economies in Use of Coal

Before going into consideration of substitutes, however, the point should be stressed that economies in the use of coal have been widespread. Therefore from the point of view of the coal producer the figures of loss given above represent even more than is apparent at first glance. They mean, in effect, that even where he has held his old customers he is frequently selling less coal than in previous years. The Geologic Survey has pointed out that the by-product process of coking has largely replaced beehive coking. Under the by-product process all but 10% of the

(Please turn to page 574)

Note: The three graphs reproduced in this article were compiled by the U. S. Geological Survey.

Business Looking Forward to Active Year

Volume of Production Well Sustained—Price Outlook—Foreign Trade Competition—Profits and Dividends—Clouds on the Horizon?

BUSINESS enters 1926 with full expectations of at least duplicating the excellent record of 1925. Whether it will do so remains to be seen but the fact remains that rarely has business entered a year on a basis which would justify greater confidence in the outlook. This is not to say that there are no problems or that they can all be solved satisfactorily. There is never a period in any business cycle when problems do not exist. Certainly not the present. But we are now dealing in relatives not absolutes. Therefore, the statement that the outlook for 1926 is more than fair may be said to have practical value.

The basis for present optimism consists largely in the belief that the world has definitely set about to restore its condition to something approximating normalcy; that a genuine attempt is being made to eliminate possibilities of war at least in the next few years; that domestic political conditions are settled until at least 1928; that production is pretty well in tune with demand; that prices are generally fairly stable; and that the banking and credit situation in this country is sound though less so than a year ago.

If these assumptions are correct, then there is certainly no reason to expect a protracted slump in 1926. There are, however, several factors which may have a tendency to retard conditions. The first is the fact that building has reached a peak in several parts of the country; the second is the danger of over-speculation; and the third is that the automobile industry is not likely to make the same proportionate gains in 1926 as it did in 1925.

Dealing with these factors in turn we find, first, that speculative building has reached a point of danger in at least the metropolitan centers and that a well-defined movement is on foot to limit construction for a year. We find that much building has been improperly financed and that a protracted money squeeze could have very disastrous results with foreclosures abounding. We find, however, that much building next year will be of a truly economic type, that municipal construction has already been laid out on a large scale, and that purely residential building ought to continue at the present high rate. The situation is thus quite mixed. Fortunately, the money situation is such that a real squeeze appears highly improbable during the year so that any adverse effects from this situation on the building industry will probably not materialize until 1927. Generally speaking, the volume of building and construction should pretty nearly equal that of 1925 which means continued good business for a period from that source.

In regard to the second factor, there is unquestionably a tendency toward over-speculation, not only in securities and real estate but in the more subtle form of national buying on the instalment plan. This is a rather insidious type of inflation and its real effects cannot be measured except during a period of money stringency. No doubt, real tightness of money would result in compelling instalment plan buyers to turn back their goods so bought to the shops. Again, however, we have no reason to fear a protracted period of money tightness. Hence, this factor is less dangerous for the present than it appears though it holds forth serious possibilities when regarded from a long-range basis.

As to factor three, the automobile situation, it is pretty well agreed in the trade that while conditions will be satisfactory, few companies will be able to increase their volume of sales materially. Inasmuch as prices are being cut, it follows that profits for this industry are not likely to be proportionately as good in 1926 as in the past year. Still, the industry ought to do enough business to keep the plants busy from which it purchases commodities, such as steel, leather, glass, lumber, etc.

From the farmer's viewpoint, conditions might be better but are nevertheless greatly improved over those of several years ago. His purchasing power has not only been restored to a degree as a result of the higher prices for agricultural commodities but the cost of his supplies, domestic and farm, is lower, this giving him an added margin of real buying power. It would seem that industry generally will reflect in good business the greater ease which prevails in the agricultural communities.

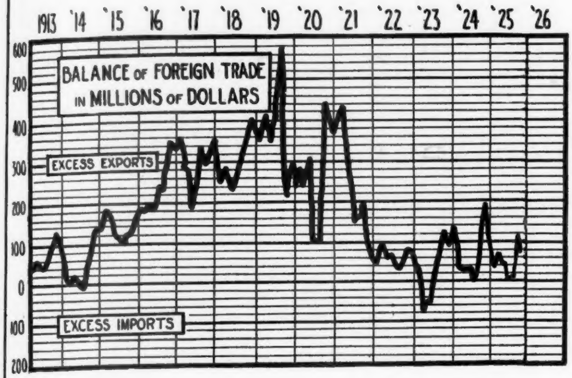
The question of foreign competition recurs regularly but seems more pertinent at the present time than in any period since the end of the war. With Europe striving to regain its markets, particularly in South America and the Far East, it is not likely that we shall have such easy sailing as previously. However, competition ought to stimulate our business men and they can be counted on to hold their own. Unless the tariff is reduced (which would result in flooding our markets with cheaply made foreign goods) there is no real reason to fear foreign competition, as a whole, though it may affect certain industries more than others.

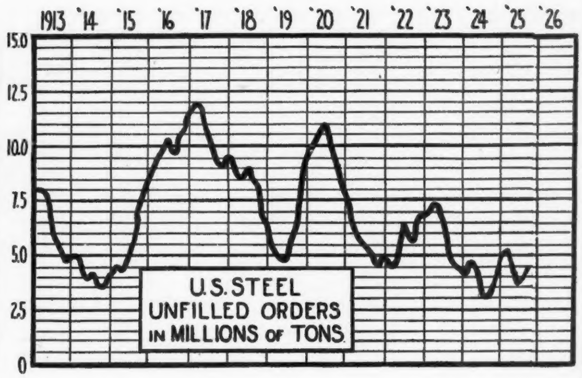
Generally speaking, the profit outlook for representative corporations seems good for the first half of the year. Orders ahead indicate a considerable expansion in volume of business at fair prices and this should mean satisfactory business. Among the industries particularly fortunate as to the immediate outlook are: steel, railroads, petroleum, electrical equipment, public utilities, and those industries directly dependent on farm demand, such as fertilizers, farm machinery and implements.

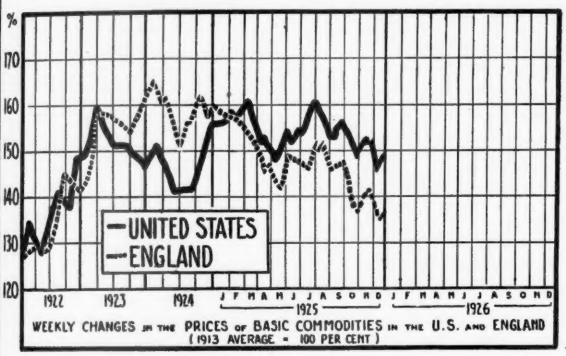
The tendency which broadened out during the latter part of 1925 to make more generous dividend payments to shareholders ought to hold good for a period in 1926. As to the position of the stock market, that is quite another matter; this is discussed on page 496 of this issue.

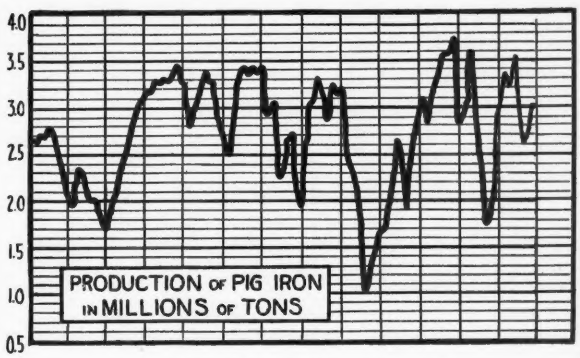
The next issue will contain one of the most unusual investment features ever published. It virtually creates a new field for investment and should attract investors interested in profit and income alike.

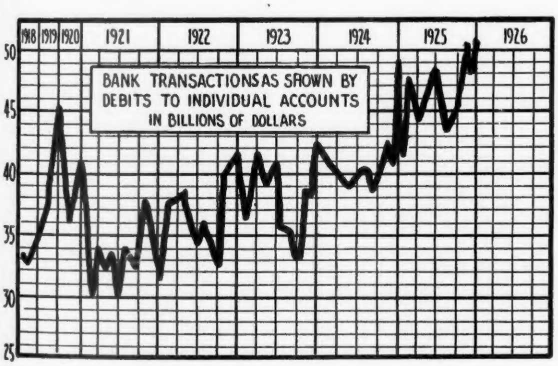
THE TREND OF MANUFACTURE, TRADE & COMMERCE

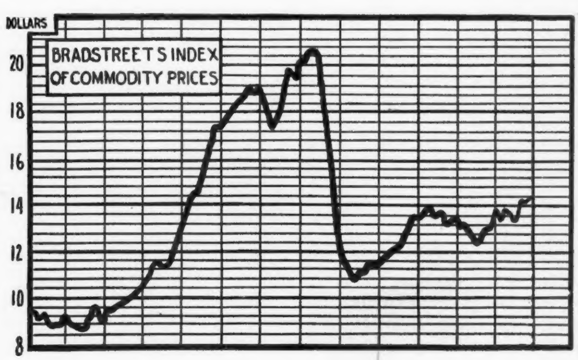


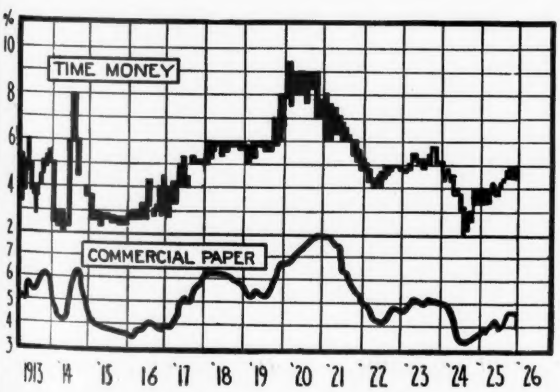


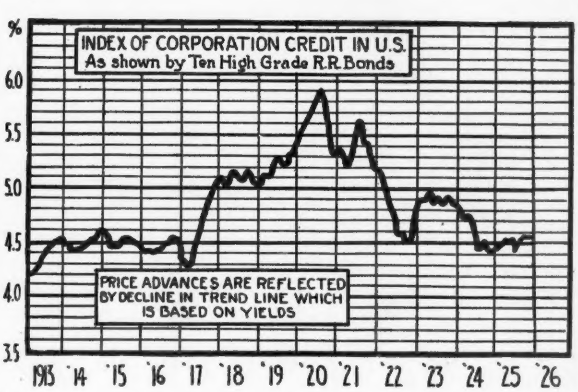


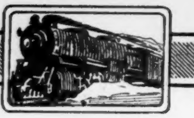




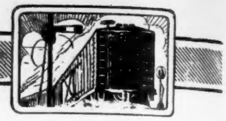








RAILROADS



New York, New Haven & Hartford R. R.

New Haven's Impressive Come-back

How a Receivership Was Averted—Present Condition of Road—Outlook for the Stock

By J. A. POLLOCK, Jr.

IN 1902, in the McKinley market, New Haven stock sold for $255 a share. For a considerable period of years around this time its average level was $200. As an investment medium it was considered superior to a good many bonds. In 1923, however, New Haven sold for less than $10 a share, a receivership price. Its bonds were then selling on a 10% basis, whereas two decades earlier its stock had consistently sold at a 4% level. Only in the case of the St. Paul had another large railroad fallen so far from grace. There was this difference, however, and it is an important point in gauging the future status of the New Haven, the St. Paul collapsed; the New Haven was not permitted to go under. Yet in 1923 the latter looked fundamentally a good deal weaker than the St. Paul.

New Haven's Earnings Record

Year June 30th	Net Income	Per Share
1912	$13,385,000	$8.47
1913	8,922,000	5.68
1914	269,000	0.17
1915	2,308,000	1.47
1916	4,315,000	2.75
Year (Dec. 31)		
1916	$5,555,000	$3.53
1917	2,404,000	1.53
1918	Def. 885,000*	...
1919	" 877,000*	...
1920	" 4,621,000*	...
1921	" 14,121,000	...
1922	" 4,865,000	...
1923	" 2,917,000	...
1924	2,998,000	1.91
1925 (11 mos.)	6,682,000	4.25

*Includes Government rental and guaranty. Actual deficits were: 1920, $27,420,000; 1919, $7,924,000; 1918, $7,283,000.

In considering the causes which brought about this great change in the standing of New Haven and their bearing upon the future, it is necessary to review a little history. The first unit of the present system was incorporated in 1833 as the Hartford & New Haven Railroad. In 1844, the New York & New Haven Railroad was organized. The modern New Haven dates from the consolidation of these two properties in 1872. Growing out of one of the earliest railroad ventures in the country, the New Haven was virtually the first line to evolve a complete territorial system, in the modern sense of the word.

From the formation of the present company onwards, the road was a great financial success. Between 1873 and 1895, with a single exception, annual dividends of 10% were paid, and 8% between 1896 and 1912. In 1913 this rate was reduced, and in 1914 the dividend was entirely passed. No payments have been made since.

At the beginning of the century the company had brought under its own operation, either by direct ownership or lease, a little over 2,000 miles of line, substantially the same as that operated at present. This involves most of the mileage in Connecticut and Rhode Island, nearly half that in Massachusetts and some 46 miles in New York. New England was then the leading manufacturing center of the country. Its growth from the standpoint of industry, population, and wealth had been very rapid. The law of decreasing returns had not begun to manifest. The density of population and industry along the New Haven lines were used as a conclusive argument that the road could never lack for traffic and consequently earnings.

This outlook inspired the management of the company, which already so largely controlled all the railway facilities in its territory, to undertake the acquisition of all the other forms of transportation, that is street railways and steamship lines. Between 1903 and 1915 properties with book values aggregating nearly 400 millions were acquired. Over 200 millions were spent on strictly outside investments. This involved control (now shrunk to a 28% interest) of the Boston & Maine Railroad, a 50.2% interest in the New York, Ontario & Western Railroad, and a half interest in the Rutland Railroad, a total of 46 millions for non-affiliated steam railways. The New York, Westchester & Boston, a rapid transit suburban line, was constructed at a cost to the New Haven of 38 millions, and there was acquired the Connecticut Co., controlling most of the traction properties in Connecticut, the Rhode Island Co. holding the same position in its state, along with a large mileage in Massachusetts, including the Worcester system, the Springfield system, and the Berkshire Street Railway. About 139 millions was spent on traction properties. Fourteen millions was put into steamship lines, notably the Merchants & Miners Transportation Co., Eastern S. S. Co., and The Hartford & New York Transportation Co. It has been estimated that these acquisitions served to increase (chiefly in debt) the New Haven's total capitalization by 130 millions, or 38% more than it would have been even today had these purchases not been made. This measures the strain imposed upon the company's once superior credit.

About the time that these investments were being made, certain fundamental economic changes were taking place. First, New England itself was reaching the peak of one of those cycles of development and progress which seem inevitable to every community and was in a measure entering upon an industrial decline. It had found increasing competition from other sections of the country. Second, the law of decreasing returns was beginning to manifest. This relates to the non-productive, but requisite adjuncts of the transportation business, such as terminals, freight yards, etc., which if acquired as necessity demands at greater cost in growing and finally dense com-

munities, will eat up a larger proportion of the returns from the productive part of the investment. Third, prices, controlling operating costs, which had been nearly stationary since 1893 began to rise about 1906, and of course, after 1914 advanced with tremendous rapidity.

The impossibility of securing rate advances commensurate with rapidly rising costs has been well demonstrated. That New Haven and the other New England roads should suffer more than the trunk lines from this circumstance is due to their peculiar geographic arrangement entirely within the narrow confines of New England, which has caused them to be termed "terminal" roads. This appellation likens the entire system to a gigantic terminal, or the non-productive portion of a railroad investment. In this parallel the connecting trunk lines may be likened to the productive portion. In other words, the New Haven with its heavy expense of handling traffic in and out of terminals can pro rate this cost over but a relatively short haul, the shipments then passing on to the lines of some more favorable road.

From start to finish the Westchester investment has proven not an asset but a liability. For a few years the New Haven received enough dividends from its other acquisitions to permit payments on its own stock and then these properties entered the non-paying class.

In 1914 as a result of prosecution under the Sherman Act the company entered into a dissolution agreement with the Federal Government, whereby the various holdings of traction properties passed to trustees to be sold as opportunity presented. At the same time, the steamship lines came under the ban of the Panama Canal Act. Few bidders appeared for any of these properties, but there were subsequently liquidated at ruinous prices: The Rhode Island Co., Merchants & Miners Transportation Co., New England Navigation Co., and Eastern S. S. Co., the direct loss on which aggregated 40 millions, so that with the writing down of various advances, etc., a net loss of 53 millions was taken onto the books.

Thus at the end of 1923 we find the New Haven failing to earn its fixed charges for the seventh consecutive year, in spite of the government rental and guaranty in the first three years of the period; with a capital deficit of 23 millions, which would have been 50 millions had there not been taken onto the books as capital assets certain expenditures erroneously charged to operations in the days when New Haven's window dressing was of another character; with the prospect of being forced to liquidate for a few cents on the dollar many of its remaining outside investments carried at about 87 millions and thus acquire a still larger deficit; and with a 23 million loan falling due in a little over a year, default on which had already been avoided only by virtue of holders agreeing to an extension at a higher rate of interest of 90% of their claims, the 10% paid having been lent the road by the government to which it was already indebted for over 80 millions.

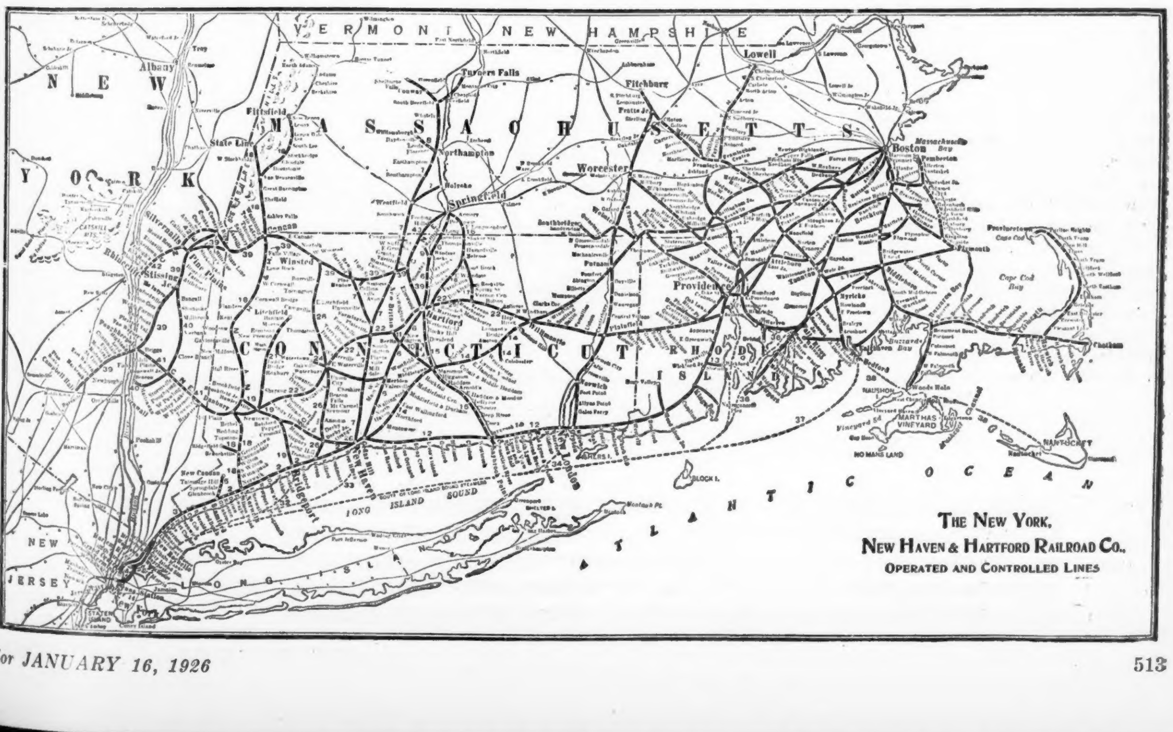
The Tide Turns

The marvel was that the road had remained solvent so long. This fact speaks impressively for the integrity of the central core of the investment around which so greatly inflated a superstructure had been built. At this point the tide began to turn for the New Haven. In 1924 the income deficits, which had been growing progressively smaller from the actual loss of 27 millions sustained in 1920, was turned into a profit of 3 millions. Prices

had stabilized and the management was getting hold of operating costs. Rate increases had helped: Namely, that which all the roads received in 1921; various advances in mail pay and commutation fares, the latter since increased further; and most important of all the 20% rate division award, in which the Supreme Court recognized the principle of the value of service which the New England lines contributed to through traffic, and accorded them a percentage of the revenue return over and above their actual mileage haul.

Early in 1925 the European Loan which had been extended again came due. The road offered, without underwriting, 23 million new bonds to refund the maturing issue. Chiefly by security holders, employees and large shippers the loan was oversubscribed to the extent of 8.5 millions. This refusal of the companies, owners, workers and customers to allow a receivership is very tangible evidence of a large "goodwill" item, and should figure in all considerations of the future of the property. During 1925, New Haven's earnings continued to improve and final figures for the year should show net income of close to 7.5 millions. Operating ratio was reduced from 77.2% to 74.1%, and at the same time $720,000 more was spent on maintenance of the property, while transportation costs were reduced $1,216,000 in spite of increased gross revenues. The condition of equipment was materially bettered. Bad order cars on Nov. 15th last was 17.8% of the total and bad order locomotives 17.3% against 24.7% and 21.5%, respectively, on the same date a year earlier. While the number of bad order cars are still high there has been consistent improvement since the shop-

(*Please turn to page* 557)



THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD CO.
OPERATED AND CONTROLLED LINES

Railroad Earnings Continue to Mount

EARNINGS of the railroads for November made a very satisfactory exhibit. Gross increased 4.1% over November, 1924 and net operating income was 15.1% greater. In the month of October gross earnings increased 3.3% and net operating income 8.3%.

For the full year earnings of the roads will come very close to the 5¾% return on estimated property valuation which is allowed the railroads before the Recapture Clause becomes operative.

The roads in the Southern district as a result of the Florida boom made the best showing as was also the case in October. Seaboard Air Line and Atlantic Coast Line were outstanding performers in this section. Due to the great traffic congestion now existing in Florida, Seaboard Air Line's operating expenses were relatively high, but this can be regarded as only a temporary condition and the future promises still larger net earnings for this system.

The only group that showed any important falling off in earnings was the anthracite coal carriers, which of course, were adversely affected by the continuance of the strike. However, earnings of these roads were exceptionally good in the early part of the year and in most cases satisfactory results for the full year will be shown.

Soft coalers on the other hand were benefited by the existing strike and some excellent reports were turned in by this group. The outstanding performers were Norfolk & Western and Chesapeake & Ohio.

Pennsylvania Railroad has been showing remarkable results in reducing operating ratio and net earnings in November were more than double the returns for November, 1924.

Business of the Northwestern grain carriers fell off somewhat in November due to a smaller grain movement, but the declines were of small proportions and as operating expenses were held down, most of these roads reported satisfactory net results. Much more grain was held over last year by the farmers than in 1924 and indications are that earnings of the Northwestern Roads will show satisfactory comparisons for the next few months.

Union Pacific, after a bad start this year, recovered rapidly and now promises to report larger earnings for 1925 than in 1924.

Carloadings continue at a record breaking pace and there is every reason to believe December railroad earnings will make just as favorable a showing as was the case in November.

A large number of roads are now unquestionably in a position to increase dividends and this factor together with the probability of important mergers in the near future should keep the rails in the limelight marketwise. As a group, they continue to offer good speculative possibilities.

Annual Rate of Railroad Earnings, Based on the First Eleven Months of 1925

The following table gives the annual rate at which railroad earnings are running, based on operations for the first eleven months of 1925, and allowing for seasonal fluctuations of traffic of each individual road:

Road	Net Operating Deficit	% Charges Earned	$ Per Share on Preferred	$ Per Share on Common
Atchison	....	....	....	17.50
Atlantic Coast Line	....	....	....	26.10
Baltimore & Ohio	....	....	....	12.10
Canadian Pacific	....	....	....	11.50
Chesapeake & Ohio	....	....	....	26.90
Chicago & Eastern Illinois	....	100	....	....
Chicago, Rock Island & Pac.	....	....	....	4.00
Chicago Great Western	....	....	1.00	....
Chicago, Mil. & St. Paul	....	83	....	....
Chicago Northwestern	....	....	....	7.30
Delaware & Hudson	....	....	....	12.00
Delaware, Lackawanna & W.	....	....	....	7.70
Erie	....	....	....	6.50
Great Northern	....	....	....	8.50
Gulf, Mobile & Northern	....	....	¶10.20	....
Illinois Central	....	....	....	14.10
Kansas City Southern	....	....	....	5.10
Lehigh Valley	....	....	....	7.00
Louisville & Nashville	....	....	....	16.50
Minn., St. Paul & S. S. Marie	....	....	....	4.40
Missouri-Kansas-Texas	....	....	....	§4.10
Missouri-Pacific	....	....	†13.80	....
New York, Chicago & St. Louis	....	....	....	18.00
New York Central	....	....	....	**13.20
N. Y., New Haven & Hartford	....	....	....	4.70
Norfolk & Western	....	....	....	20.00
Northern Pacific	....	....	....	7.50
Pennsylvania	....	....	....	5.60
Pere Marquette	....	....	....	11.00
Reading	....	....	....	9.50
St. Louis-San Francisco	....	....	....	13.50
St. Louis Southwestern	....	....	....	8.40
Seaboard Air Line	....	....	....	6.00
Southern Pacific	....	....	....	10.00
Southern Railway	....	....	....	15.80
Texas & Pacific	....	....	....	8.00
Union Pacific	....	....	....	15.00
Wabash	....	....	....	6.00
Wheeling & Lake Erie	....	....	22.10	....

¶Gulf, Mobile & Northern pfd. is entitled to 6% and there are 22¾% back dividends due. After deducting 6% on the preferred, the balance is equivalent to $4.40 a share on common.

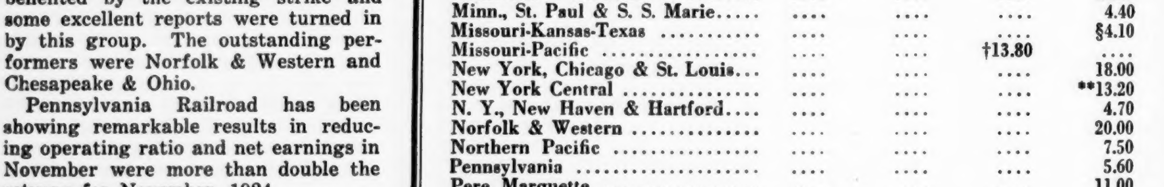
†Missouri Pacific pfd. is entitled to 5% and there are 37½% back dividends due. After deducting 5% on preferred, balance is equal to $7.50 a share on common.

§Missouri-Kansas-Texas pfd. is entitled to 7%. After deducting 7% on pfd. and 7% on the 5% adjustment bonds which are convertible into preferred, the balance is equal to $4.10 a share on common.

**Does not include undivided surplus earnings of controlled lines.

Summary of Car Loadings

Cumulative Solid — **Jan. 1st to Dec. 12** **Shaded** — **Remainder of Year**



BONDS

THE bond market was strong during the past two weeks, as was only natural, in view of the large amount of interest funds available for investment with the commencement of the new year. Upward movements in railroad stocks during the last few days of 1925, imparted a very firm tone to railroad bonds, but, in the high-grade division this investment demand appeared to be easily satisfied at ruling levels, prices showing practically no change, the main difference being in the greater activity and willingness of buyers to accept existing offers.

It was only in the middle-grade and semi-speculative sections that any notable price changes occurred. The Missouri, Kansas & Texas adjustment mortgage 5s was a star performer in this division, selling at a record high of above 94. Other speculative bonds to improve their price levels were the New York, New Haven & Hartford issues, the Eries, St. Louis & San Francisco adjustment income 6s, Chicago Great Western 1st 4s, Western Maryland 1st 4s, etc., with advances of a point or more. The higher levels ruling for such issues as Chesapeake & Ohio convertible 5s and Norfolk & Western convertible 6s, were, of course, due to the conversion feature and not on their investment status. We have eliminated the Chesapeake & Ohio issue, for the reason that on basis of present levels the return from an investment standpoint is only around 2%; and while in the event Chesapeake & Ohio stock should sell at higher prices later, and the bonds would thus move in sympathy, at the same time we feel, considering the fact that next spring the bonds are convertible into stock at 100 instead of 90 as at present, this difference in the conversion value as well as the present high price do not make them as attractive speculations as has been the case in the past. We have, therefore, reached the conclusion that now is a good time to take the large profits in this issue.

Public utilities were more active than for some time. This division of the list was led by the International Telephone & Telegraph Company convertible 5½s, which sold at 110, in line with the upward movement in the stock. As a rule, the same situation existed in other sections of the utility list. Price changes were small, with a slightly better demand at ruling quotations. N. Y. tractions were in better demand than for some time, the Brooklyn-Manhattan Transit 6s selling at about 93. Third Avenue refunding 4s, and the Hudson & Manhattan adjustment income mortgage 5s sold better than at previous prices.

The market will doubtless continue to maintain a strong tone in anticipation of investment demand previously mentioned, but prices cannot be expected to continue in the existing range, except in a few individual issues where here and there may be selling out of line with their intrinsic merit from a market position.

Bond Buyers' Guide

(Bonds listed in order of preference)

High Grade

(For Income Only)

Non-Callable Bonds:		Approx. Price	Approx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936	(c)	110	5.70	2.85
Atlantic & Danville 1st 4s, 1948	(a)	78	5.75	....
Western Union Telegraph Co. 6½s, 1936	(a)	111	5.10	e 1.75
New York Edison Co. 6½s, 1941	(b)	115	5.10	3.30
Chicago & Northwestern 7s, 1930	(b)	107	5.05	1.80
New York Dock Co. 4s, 1951	(a)	81	5.35	2.70
Callable Bond:				
Armour & Co. Real Estate 4½s, 1939	(a)	91	5.50	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	103	5.30	1.41

Middle Grade

(For Income and Profit)

Railroads:		Approx. Price	Approx. Yield	¶ Int. earned on entire funded debt
Cuba R. R. 1st 5s, 1952	(a)	89	5.80	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	78	5.70	1.25
Western Pacific 1st 5s, 1946	(c)	96	5.30	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	68	5.90	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	102	5.80	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	94	5.50	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	94	5.30	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	97	5.20	1.10
Boston & New York Air Line 4s, 1955	(a)	75	5.80	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	93	5.50	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	104	5.60	1.50
Rutland R. R. 1st 4½s, 1941	(a)	86	5.90	1.75
Industrials:				
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	107	6.25	2.20
Sinclair Pipe Line 5s, 1942	(b)	87	6.30	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947	(b)	104	6.10	e 2.40
California Petroleum Corp. 6½s, 1933	(c)	104	5.80	4.80
International Paper Co. 5s, 1947	(a)	95	5.40	3.50
U. S. Rubber 5s, 1947	(c)	92	5.55	2.05
Bethlehem Steel Co. 5s, 1936	(a)	93	5.90	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	94	6.05	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	101	5.90	g 1.25
Cuba Company 6s, 1935	(b)	96	6.60	e 7.00
Consolidation Coal Co. Rfd. 5s, 1950	(a)	81	6.60	2.00
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	60	6.70	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	96	5.30	2.40
Ohio Public Service 7s, 1947	(c)	111	6.10	f 2.00
United Fuel Gas 6s, 1936	(b)	102	5.75	e 7.00
Hudson & Manhattan Refunding 5s, 1957	(c)	92½	5.50	2.60
American Gas & Electric 6s, 2014	(c)	98	6.15	2.00
American Power & Light Deb. 6s, 2016	(c)	96	6.30	3.00
Kansas Gas & Electric 6s, 1952	(b)	102	5.85	1.80
Commonwealth Power Corp. 6s, 1947	(c)	103	5.75	4.50
Manitoba Power Company 7s, 1941	(c)	104	6.60	....
Market St. Ry. 7s, 1940	(b)	99	7.05	2.30

Speculative

(For Income and Profit)

Railroads:		Approx. Price	Approx. Yield	¶ Int. earned on entire funded debt
Erie Genl. Lien 4s, 1996	(b)	68	5.90	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	93	6.50	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	94	5.40	1.10
International Great Northern Adj. 6s, 1952	(c)	73	8.10	....
Chicago Great Western 1st 4s, 1959	(a)	64	6.75	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	68	6.60	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	89	6.25	....
Industrials:				
Pan. Amer. Petroleum & Transport Conv. 6s, 1934	(c)	112	4.20	25.00
Cuba Cane Sugar 7s, 1930	(c)	93	9.10	2.15
International Mercantile Marine 6s, 1941	(b)	86	7.55	2.50
American Agricultural Chemical Co. 7½s, 1941	(b)	104	7.15	....
Warner Sugar Refining Co. 1st 7s, 1941	(c)	95	7.60	....
Public Utilities:				
Empire Gas & Fuel 7½s, Series "A," 1937	(c)	63	7.10	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	93	6.50	f 1.50
Chicago Railways 1st 5s, 1927	(a)	80	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	75	7.00	2.00
Interboro Rapid Transit 5s, 1966	(a)	68	7.50	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	56	7.60	i 1.35

¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

BONDS

What Does the Baby Bond Offer Investors?

Small investors should become acquainted with the merits of brokerage houses specializing in Baby Bonds. These houses are perfectly equipped to take care of the many special requirements of trading, delivery, registration and conversion of $100 bonds. In this article the great importance of such services to the small investor is clearly explained.

At one time Bond investments were made principally by the rich man. When editorial writers attacked what they termed the "plutocracy" they rarely omitted the phrase "bloated bondholders." There was some truth in this characterization. Before the war, there were few bonds with a face value of less than $1,000. Furthermore, since a dollar in 1913 would buy 50% more than today, in effect it was the same as though $1,500 was the smallest face value of any bond. Naturally such a situation resulted in limiting the number of bondholders to a small and wealthy breed. As a matter of fact they were estimated at less than 1% of the population before 1914.

In consequence of the high face value of bonds, all the good advice given to budding investors was absolutely wasted. The superiority of bonds as savings mediums could be demonstrated over and over again, but it was necessary first to acquire $1,000 before buying one, and then painfully acquire another $1,000 before another could be bought. Few small investors were in a position where they had $1,000 in cash. Consequently, they were unable to invest in bonds.

The advent of Liberty Bonds permanently changed the situation. Apart from the fact that smaller denominations helped to make easy the marketing of Libertys it is apparent that the future was also taken into consideration. The Treasury was anxious to make the American people a nation of investors. Whereas every peasant in France was not only an investor, but a seasoned bond investor, this had not been true here. Hence the Liberty Bond campaign was directed not merely toward the winning of the war, but also toward the broadening of the securities market in time of peace.

As a result, $100 bonds, nicknamed "baby bonds," have been issued in the majority of new flotations of Public Utilities, Industrials and Governments of all descriptions. In railroad issues they became more common though scarcely dominant. There are to-day more than a thousand active bond issues available in denominations of less than $1,000, and there are about five hundred active bonds in the $100 class. "Active" baby bonds are those regularly on the lists of holdings of bond houses specializing in small denomination bonds.

Widespread holding of small Liberty bonds and of hundreds of smaller issues in the baby bond class has been one of the most constructive aids to systematic savings and investments that this country has yet seen. Nevertheless the situation is far from being as satisfactory as it might be.

While baby bonds became popular, the habits of bond houses and the methods of trading in bonds remained stationary. That is to say, the whole machinery of bond trading remained geared in the direction of the $1,000 bond and not in that of the $100 bond. Hence there came about a situation in which baby bonds were traded in in a market all their own, and not merely in a market that was a mirror of that of the larger bonds. That is to say the ordinary investor could assume offhand, that a $100 bond is merely a Lilliput. bond. He could reason that it could sell at the same price as its big brother, at one-tenth the rate of commission per sale, and that in every other respect, such as registration, conversion into larger denominations, delivery, marketability, collateral value, etc., it could enjoy an identical position with that held by the $1,000 bond. This notion is mistaken; and the unique features of baby bond trading must be remembered by every careful and scientific investor. The situation referred to has not changed with respect to most bond houses.

After the liquidation of popular holdings of Libertys after the war, the majority of large bond houses went back to their first love—serving the big customer. They discouraged trading in smaller bonds, and when they had to engage in such business, they penalized the customer heavily. Their minimum commission was often $2 per $100 bond, and they would sell the bond at a price 2 points above that enjoyed by the $1,000 bond. For example, if a bond were selling at par, the purchase price would be $1,000 plus $2 commission or $1,002. But the small buyer would obtain his $100 piece at $102 plus commission or $104, or at a rate equal to $1,040 on the larger bond. Worse still, suppose that he tried to sell at the end of a year, then the spread against him remained as wide on the sale as it did on the purchase.

In other words, on purchase and sale he was out the equivalent of $76 on a $1,000 bond. Let us assume that what was bought was a five per cent bond. Then his yield from his investment was negative. He bought at $104 net, and sold at $96 net, and received in interest only $5—a net loss of $3. Such a transaction illuminates clearly what was wrong with the baby bond market. It is important to remember these figures, however, as otherwise it is possible that transactions with many houses will have the same dire consequences. Fortunately there is a way out.

It is obvious that the reason for such spreads in commissions and prices as eat up yields, is to be found in the small volume of trading in baby bonds by houses giving this poor service. But it is also obvious that the volume of trading in 500 active bonds that have a $100 face value as a total is large enough in itself to build up an extensive business. Out of the conjunction of these two circumstances has come the baby bond specialty house.

It does not charge commissions, but sells its bonds net. That is to say, if a bond is sold to the client at 99, he pays the broker $99 only, and receives the bond. The specialty house buys and sells $100 bonds at spreads of only one-half a point from the prices prevailing for $1,000 bonds. Let us assume that it has purchased a $1,000 bond at par. It then sells this bond at 100½ or at an advance of fifty cents over par.

But it has not pro-rated its commission. It acts only as a dealer and not as a broker. Hence there is a saving of the pro-rated commission which in this case would be twenty cents. Hence the bond is sold at only thirty cents spread, net.

If, say, a year later the purchaser endeavors to sell, he loses these thirty cents again, assuming that the bond continues to sell at par. Now what has his yield been on a 5% bond? He has bought at 100½, and sold at 99½, or lost one dollar. Against this he has received five dollars in interest, or four dollars net on $100.50, a yield of nearly 4%.

Compare this with the loss of three dollars per $100 bond if he had not handled these two transactions through a specialty house! On the other hand, in the case of Foreign Government bonds, even the specialty house takes a spread of from one to two points. For temporary investment, it would be absurb to buy them on such a basis. Even for permanent income, the reduction in the yield will often make such bonds unattractive where otherwise something might be said for them.

What has been said above is particularly applicable to $100 bonds. It also applies to $500 bonds, but of course it would take far larger spreads to make a $500 bond unattractive than it would to make a $100 bond unattractive. There are practically no bonds that have a face value of $50 except some Libertys and a Polish issue. This Polish issue had best be avoided anyhow, and in the $50 form is certainly not attractive.

Except in the most active of the baby bonds, it is rarely possible to obtain immediate delivery. While a great many bonds take as much as a week for delivery, those that are quite inactive have been known to take even longer. Perhaps the average for the entire baby bond market could be struck at three or four days. This slightly unfavorable factor can be reduced to a minimum by dealing with a specialty house. As a practical matter, the small investor who buys baby bonds is not concerned immediately with the question of speed of delivery. But anything which interferes with perfect marketability, of necessity affects the value of a bond as collateral. It is true that the person making the loan is on the selling side, if he has to possess and sell the collateral, but, for all that, slowness of delivery will obviously affect him as well.

The great majority of baby bonds now being issued are registerable as to principal only. In that, they differ from bonds of larger denominations, practically all being registerable as to both principal and interest. It is only in the very old issues of $100 bonds that it is possible to effect registration as to both interest and principal. This is not a real drawback, as registration as to both interest and principal considerably reduces the marketability of any bond. A $1,000 bond can stand such a drawback, but a baby bond had best not be burdened with any additional marketing difficulties. A bond registerable as to principal only is about as easily sold and delivered as is an ordinary coupon bond.

Collateral value of baby bonds is obviously less than the collateral value of bonds having a larger face value. In the first place, there are the little spreads in buying and selling. When a bond is used as collateral, its yield to maturity does not interest the banker as he will not hold it to maturity except rarely. Accordingly any defect in marketability is serious. It is true that this factor is negligible when one deals with a specialty house. But nine-tenths of bankers would not care to make an endeavor to realize on securities except through the brokerage channels they usually employ. Hence, the collateral value of any $100 bond is considerably under one-tenth that of a $1,000 bond. About 70% can be obtained on good baby bonds; perhaps as high as 80% on the best baby bonds.

But there is one group of bonds free from this difficulty. This is, of course, the Liberty Bond in small denominations. Even the most conservative banker would scarcely dare to loan less than 90% on such bonds and usually will loan 95%. Not only is its collateral value greater than other bonds, but in most states savings bank interest rates are below its yield. For the small investor the praises of $50 and $100 Liberty Bonds cannot be sung too often. Although they command a premium on account of their tax-exemption features, this defect is balanced by many unusual merits, among them the ease with which small denomination bonds may be converted into large denomination bonds.

Frequently the investor in baby bonds will accumulate enough of them to wish to have them converted into $500 or $1,000 certificates. In many cases, a charge is made for this service, and in some cases the charge is important. Every bond is a law to itself in this matter. On the other hand, if one has purchased baby bonds from a specialty house, it will usually effect such conversion free of charge.

Prime bonds, that enjoy a premium because of tax-exemption, and because they are legal for trust funds, etc., are scarcely needed for the small investor. Tax-exemption cannot be of great importance to men who pay little or no surtax, and "legals" are at a premium for a multitude of reasons good and bad. Hence, the fact that many railroad securities in the baby bond class are not underlying bonds, makes them very attractive to the small investor, because of their larger yield. As for Public Utilities, the cream of these bonds are available.

Twenty Baby Bonds Attractive as to Income

	Maturity	Price	Current Income	Yield to Maturity
Railroads				
Baltimore & Ohio: Toledo, Cinn. 4s	1959	75	5.30	5.70
Cuba R. R. 1st ref. 7½s	1936	105	7.15	6.85
Great Northern Gen. 7s	1936	111	6.30	5.60
Hudson & Manhattan ref. 5s	1957	94	5.30	5.40
New York & New Haven 6s	1940	98	6.10	6.20
St. Louis-San Francisco prior 4s	1950	78	5.20	5.70
Seaboard Air Line 6s	1945	96	6.30	6.40
Western Pacific 6s	1946	104	5.80	5.70
Public Utilities				
American Tel. & Tel. 5½s	1943	104	5.30	5.20
American Water Works 5s	1934	96	5.20	5.60
Brooklyn-Manhattan Sec. 6s	1968	92	6.50	6.55
Commonwealth Power Sec. 6s	1947	104	5.80	5.70
N. Y. & Richmond Gas 1st 6s	1951	101	5.95	5.90
Philadelphia Co. 5½s	1938	99	5.55	5.60
Portland Ry. & Light 5s	1942	90	5.55	6.00
Southern Colorado Power 6s	1947	100	6.00	6.00
Industrials				
Armour & Co. (Del.) 1st Gtd. 5½s	1943	95	5.80	6.00
Pierce-Arrow Motor Car deb. 8s	1943	106	7.55	7.40
Saks & Co. S.F. 7s	1942	109	6.40	6.15
U. S. Rubber 1st & Ref. 5s	1947	91	5.50	5.75

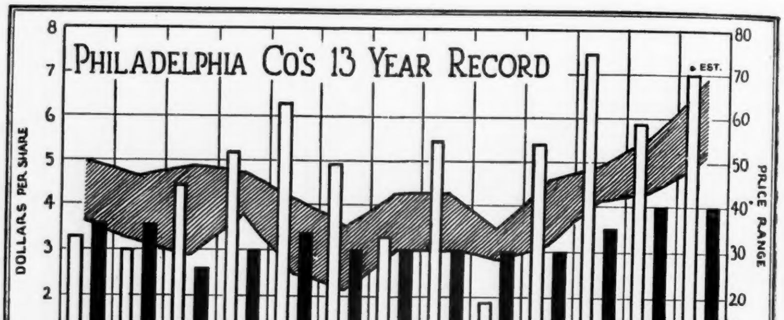
Average Current Income 5.92%. Average Yield to Maturity 5.97%.

Philadelphia Company Continues Conservative Growth

Greater Pittsburgh Public Utility Shares in Prosperity of Area—Sane Policy Should Safeguard Shareholders

PITTSBURGH is the most famous industrial city in the world. The food of this industrial monster is fuel and power, and the latter is supplied to Pittsburgh and its great industrial suburban area by the Philadelphia Company. In a sense, the Philadelphia Company is the spinal cord of this great manufacturing district. Without its gas and electric power, it would languish. Hence, the Philadelphia Company is in an ideal area for a public utility holding company.

Its properties are compact and in a district in which density of population serves to accentuate operating economies. It is a perfect specimen of a solid, well managed, low cost, conservatively financed public utility system. Its rather strange name comes from its having been formed by Philadelphia capitalists in 1884. None of its activities are in Philadelphia.



Who Controls Philadelphia Company?

A majority of the common stock of Philadelphia Company is owned by the Pittsburgh Utilities Company. In fact, the only function of the Pittsburgh Utilities Company is to own these shares and to assume 11.2 millions in bonds of the United Railways Investment Company. This latter company own all the voting stock of the Pittsburgh Utilities Company. Nevertheless, control of United Railways Investment Company does not, as seems at first sight, indicate control of the Philadelphia Company. Common stock of the Pittsburgh Utilities Company is vested in a voting trust, and until the expiration of that trust, there can be no serious change in fiscal leadership.

The interests responsible for the intelligently directed and conservative growth of the Philadelphia Company are completely in the saddle. There is no serious reason to apprehend change in fiscal leadership even when the voting trust expires, as it appears that an adjustment has been reached between those controlling the voting trust and those controlling United Railways Investment stock. Hence, there will be no break in continuity of management or policy.

Originally, Philadelphia Company merely supplied natural gas to Pittsburgh and environs. It continues to do this today through the Equitable Gas Company, and affiliated gas companies.

These companies serve 165,000 consumers and sell the enormous quantity of 28.5 billions of cubic feet—a rate of consumption ten times as great *per capita* as in cities where manufactured gas is sold! As this gas gives twice the heat given by manufactured gas, and is sold at 63 cents per cubic foot as against the average of $1.15 elsewhere for manufactured gas, it follows that such cheapness results in intense use.

This use has resulted in the company having to go further afield each year for natural gas wells. Hence it is certain that the cost of producing natural gas in Pittsburgh is bound to increase as the difficulty of drilling and transporting gas increases. For this reason the company has begun to manufacture gas and to enrich natural gas with artificial gas. This experiment has been highly successful and will undoubtedly be developed in the future. It will cause the cost of gas to the consumer to increase slowly, as it will diminish the rate of depletion of gas wells, and hence the net revenues of the gas companies will not be diminished.

This experiment is at present being employed for domestic purposes. There has been an increasing industrial consumption of gas in the last few years, and cheap natural gas costs attracts industry to Pittsburgh, so that so long as possible the company will favor the industrial user, as his consumption per unit is increasing. Of course, the increasing use of electric light and power is expected to more than offset the diminishing rate of growth of gas revenues, and as the Philadelphia Company also controls the Duquesne Light Company, the electric light and power producer of the territory, stockholders are assured of constant growth in net revenue, however derived.

Asset Values Greater Than Disclosed in Balance Sheet

The advance in gas rates from 53 cents to 63 cents per thousand cubic feet has been fought by the city of Pittsburgh, but there is little likelihood of its being reversed. An interesting sidelight was cast on the value of Philadelphia Co. properties by this controversy. City and company engineers agreed in valuing the properties of the Equitable Gas Company (1) at 46 millions pre-war value, less 18 millions for depreciation; (2) at 80 millions at average prices of the last decade, less 32 millions for depreciation; and (3) at 94 millions, less 38 millions depreciation for 1923 cost of reproduction. These properties are carried on the balance sheet at less than 19 millions.

On a pre-war basis alone, they are consequently worth 28 millions; on a ten-year average, 48 millions; and upon the most reasonable basis, cost of reproduction today, they are worth 56 millions. Those who argue that in the

conservative valuations of the Philadelphia Co. system there is a mine of hidden asset values have their beliefs very much strengthened by this estimate. If anything like this ratio persists throughout, then Philadelphia Co. common stock has an asset value more than twice that revealed by the books. Naturally, depreciation policy has been very liberal.

At present, gas revenues are the mainstay of the Philadelphia Co. They account for 4 millions of the income of the company, or about one-half. As stated previously, this income is likely to diminish as a percentage of total revenues, the income from the electric light and power sources taking its place eventually.

Duquesne Light Co.

This important subsidiary company contributes about 3 millions or about a third of the net income of the Philadelphia Co. In ten years, its sales of electricity had increased from 270 million kilowatt hours to 950 million kilowatt hours, with no indication that this rate of gain has as yet been checked. The net rate for domestic consumers of electricity has in the meantime been lowered from 10 cents per kilowatt hour to five and one-half cents. When 1925 figures are completed, they should reveal consumption of over 1.15 billion kilowatt hours. Apart from the rapid growth of consumers (at the rate of 30,000 per annum) the low cost of electricity has resulted in an increase of the consumption per domestic consumer from 450 to 525 kilowatt hours, in four years. The rates charged are among the lowest of the United States, and are only bettered where communities can take full advantage of hydro-electric generation. In fuel-generated electrical production, their rates are minimal. They should keep on decreasing owing to the production efficiency of Duquesne Light. This tendency is revealed by an increase of only 1.28% in operating expense for 1924 as against 1923, and a gain in the same period of 11.7% in net earnings.

The lowest costs in the country of any steam generating plant is that of the Colfax River plant, of which three units out of five have been completed. The boilers are fired by powdered coal. A kilowatt hour of electricity was produced by 1.3 pounds of coal. At the local price for bituminous coal, this is a ridiculously low cost. The Brunot River plant is also operating in this manner.

Pittsburgh Railways Co.

Pittsburgh Railways Co. is the weak sister of the Philadelphia Co. group. Forced into a receivership in 1918, it was restored to private operation in February, 1924. Since that time the company has spent 6.4 millions on improvements. Fully $700,000 has been expended in 1925 upon new sub-stations.

President Thompson has stated decisively that Pittsburgh Railways has not yet worked out of its financial troubles. Although its subsidiary street railway companies produced an income of $600,000 for the parent company last year, earnings are so narrow that any serious accident with the multitude of damage claims arising out of it, would in and of itself be enough to force the company again into receivership. The use of bus feeders, and of a bus system generally, as well as improved equipment, is expected ultimately to work out the question of transportation revenues. Nevertheless no investor in Philadelphia Co. can with any good reason expect the Philadelphia Co. to derive any immediately increased revenues from this source.

The Smaller Subsidiary Companies

The smaller subsidiary companies contribute between them about 5% to the net income of the parent company. Among them is the Philadelphia Oil Co., a small petroleum producer of Pennsylvania crude. Its net income is fully $200,000 per annum, of which $120,000 is disbursed in dividends to the Philadelphia Co.

The Allegheny County Steam Heating Co., a thriving subsidiary of Duquesne Light, is also very profitable, as it operates in a concentrated area with considerable demand. On operating revenues of $721,000, it shows a net income of $151,000 or over 20%, of which one-half was disbursed in dividends to the Duquesne Light Co. With additional facilities for production, this company should grow to be an important part of the Duquesne Light system.

Among other subsidiaries may be mentioned the Harwick Coal & Coke Co., an uncertain earner.

Sound Financial Structure of the Consolidated System

Philadelphia Co. has a funded debt of 48 millions, the earliest important maturity of which is 1938. The bonds have been negotiated at low rates of interest, only one issue having a 6% coupon. Out of the total funded debt, 9 millions has been re-acquired by the company, leaving a net indebtedness of 39 millions. The Philadelphia Co. is guarantor, furthermore, of 4.5 millions in bonds of subsidiary traction companies, and has a contingent liability thereon. A 1.5 million maturity in 1933 is the earliest principal obligation.

Subsidiary companies of Philadelphia Co. have a considerable funded debt, Duquesne Light Co. having 41.8 millions outstanding, none maturing before 1949. Pittsburgh Railways has 11.6 millions outstanding, apart from an issue guaranteed by the parent company.

Net tangible assets back of the Philadelphia Co. funded debt are in no case less than three times the amount outstanding, and earnings of system are three times the charges on this funded debt. Duquesne Light bonds are exceeded 2.5 times by net assets, and charges are earned about 3.3 times.

Junior securities of Philadelphia Co. include two issues of preferred stock, a 6% cumulative stock outstanding in the amount of 14.6 millions (par $50), a 5% non-cumulative preferred stock (par $50), of which only 1.4 millions are outstanding, and common stock (par $50), of which 46.4 millions are outstanding, and a majority of which is owned by Pittsburgh Utilities.

Earnings on the preferred stock in 1924 were 32% or $16 per share in 1924, which was probably greatly exceeded in 1925. Net earnings on the common stock were only 11.8% or $5.90 per share in 1924, but in 1923 they were 15%. It is seen from current statements of earnings that 1923 rate was considerably exceeded in 1925 and earnings were at least 16% or $8 per share, against a dividend disbursement on common stock of 8% or $4

(*Please turn to page* 559)

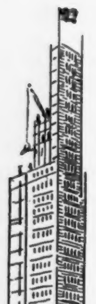
Active Stocks of the Philadelphia Company System

	Par	Dividends $ Per Share	Earned $ Per Share—1924	Market	Price	Yield %
Phila. Company 6% Cumulative Pfd. Stock	$50	3.00	16.00	N. Y. Stock Exch.	49	6.1
Phila. Company 5% Non-Cumulative Pfd. Stock	50	2.50	16.00	Phila. Stock Exch.	38	6.5
Philadelphia Company Common Stock	50	4.00	5.90	N. Y. Stock Exch.	66	6.0
Pitts. Utilities 7% Preferred Stock	10	*1.20	2.41	N. Y. Stock Exch.	15½	7.7
United Rys. Investment Co. Preferred Stock.	100	...	4.75	N. Y. Stock Exch.	78	..

*Including extras.

How 24 Companies Would Be Affected by Building Slump?

A Timely Analysis of Building and Building Companies



AN idea of the magnitude of the building industry may be gained from a recent estimate that one-eighth of America's 1925 national income was spent in erecting new structures. Including unreported items the volume of new building last year may be placed at $8,000,000,000. This is a new high record, and compares with perhaps $6,300,000,000 in 1924, also a record year.

For four years, the boom in building and real estate constantly has been gaining momentum. Bankers and economists are agreed that the "bull market" in real estate, both land and structures, has been as great as the "bull market" in stocks. The turnover of urban real estate has been without precedent. Values have, in many cases, multiplied. Speculation has been feverish, and in most cases highly profitable.

At the end of the war, America was underbuilt. Rents, both domestic and commercial, were scarce and high. For nearly five years labor had been abnormally expensive and ruinously inefficient as well as practically impossible to obtain in dependable volume; money had been scarce and high; materials had been inadequate; all but the most necessary construction openly had been discouraged; and business men had been giving their attention to other things. Most of the retarding influences continued influential through the 1919 and 1920 inflation, and the industry came back into its own only after the 1921 depression.

In 1922 there was a marked scarcity of housing facilities, developed commercial buildings and office space. During 1922 and 1923 little progress was made in catching up. Probably building just about kept pace with the growth in demand, due to business expansion and the rapidly increasing standard of living. In 1924, in some sections at least, a temporary surplus appeared. At the end of 1925 it would be a mild statement to say there is no real scarcity of rentable space, taking a broad view of conditions as reported.

With the present volume of construction apparently as large as at any time in the past four years, and new ventures announced almost daily, it is an open question as to how long the boom can last without a painful halt. The industry is going at high speed, and the brake linings may be burned out in the effort to slow down to a safe pace. Without doubt many of the new projects now in the blue print stage are in themselves perfectly sound; but when the collapse in unsound ventures comes, the sound projects will suffer with the others. Recent warnings by the heads of such institutions as the Metropolitan Life Insurance Company and the Title Guarantee & Trust Co. of N. Y. are so obviously well timed as to be almost closed to debate. Many bankers and real estate operators would welcome retrenchments before it is too late. Every new structure which goes up now tends to be a competitor of existing buildings. Competition means lower rents and vacancies. Lower rents and vacancies mean smaller returns on a fixed investment.

Already there is a disposition to shade rentals and make somewhat unethical concessions as to free rents in the apartment house sections in such localities as Manhattan and in the Bronx, and the percentage of vacancies in the business section of New York between 50th Street and Canal Street is showing an alarming increase in spite of rentals in many cases 50% to 75% lower than two years ago. Conditions in New York may be a little extreme, but they are representative of the situation in many other large cities. The building boom has reached a stage where fundamentals no longer are sound.

The present activity in building may, and probably will, continue for six or nine months longer; but the law of supply and demand is still working, and supply rapidly is gaining the upper hand on demand. In all probability twelve months from now, carpenters will be doing less overtime work and there will be more idle bricklayers. A great many banks and real estate loan companies will find themselves very much established in the real estate business with conditions not altogether favorable to liquidating the big volume of this side line. Just now the cloud may be only "as large as a man's hand" but the storm is gathering.

Correcting over-speculation in building, for this is what it is, cannot possibly be a painless process, either for real estate people or for general business. If one-eighth of the business community is sick, the other seven-eighths cannot be expected to maintain perfect health. Unemployment in the building trade means difficulties in keeping up time payments on homes, automobiles, radios, furniture and many other things which are being bought on installments. Less building means a smaller demand for goods of all kinds, and therefore a smaller volume of general business.

Directly a smaller volume of construction reflects on copper, steel, lumber, brick, all kinds of building materials, paints, glass, radiators, elevators, cement, etc. Many of the companies with shares listed on the New York Stock Exchange, therefore, are emphatically interested in the present situation in real estate and building. If conditions are as diagnosed above the demand for their products and service is close to the peak. The volume of business being enjoyed right now is about the maximum which can be expected. It may last for three, six or nine months longer; but the next change will be toward smaller demand, more competitive conditions, slower payments, a lower margin of profit, and reduced net earnings.

Some of these concerns have a diversified business, a custom which is considerably less than 100% derived from the building industry. Obviously, other things being approximately equal, they will not suffer as much as concerns with a more specialized line of products. Some of the companies, especially those in the contracting group, have developed a growing foreign business which may be an important compensating factor. In the paint group the loss of business in dull times is relatively less because repainting always increases in dull times. All, however, are bound to suffer more or less.

One set of companies is deserving of special mention. The shares of United Cigar Stores, Schulte, Childs, Shattuck, and a few other listed corporations have had a sensational advance based perhaps principally on appreciation of leasehold values. How will these stocks be influenced?

The accompanying table presents the salient facts concerning the principal issues in several groups of stocks together with a brief analysis of the business and prospects of each company represented.

A Summary of Building Company Prospects

Primarily Interested in Building and Real Estate

Market	Est. 1925 Net Per Share	Recent Price	Annual Dividend	Approx Yield

American Radiator, common

N. Y. S. E.	$10.00	115	$4.00	3.5%

Largest manufacturer of radiators. Also makes other heating devices, vacuum cleaners and boilers. Net has more than doubled since 1920, reflecting abnormal demand for products. Cash holdings about double total current liabilities. Has unbroken dividend record since 1904. Net probably will not drop below dividend requirements but rate of payment unlikely to be increased. High enough.

Beaver Board Companies, pfd.

Chic. S. E.	$5.00	35	None	None

Manufactures wall board, gypsum products and miscellaneous building specialties. A 1920 bull market flotation, subsequently reorganized on a liberally capitalized basis which thus far has been unable to develop more than nominal earning power for its stocks in spite of most favorable conditions. Might suffer severely in a depression.

Certain-Teed Products, common

N. Y. S. E.	$7.00	47	$4.00	8.5%

Makes roofing, paints, linoleum, oil cloth, etc., and has increased net about 300% since 1922. Financial, trade and operating position constantly improving. Has increased common capitalization about threefold in past year to eliminate all of bonded debt. No bank loans and substantial cash holdings. Probably no dividend increase, but present rate might be maintained in depression. Still fairly attractive speculation.

Foundation Company, common

N. Y. S. E.	$10.00	158	$8.00	5.0%

One of largest construction and contracting concerns in world with majority interest in foreign subsidiary which is increasing business rapidly in some 15 countries and has big unfilled contracts. Probably will be able to maintain dividend, but speculative possibilities largely exploited for present.

Foundation Company Foreign, Class A

N. Y. C.	Not Available	56	None	None

Is taking over all business of Foundation Co. outside of United States and British dominions, perhaps cream of parent concern's recent development. Prosperity assured for present and speculative outlook good, although some risks rather large. Has 160,000 shares class A and 160,000 shares class B. Would be little hurt by collapse of American building boom.

General Refractories, capital stock

N. Y. S. E.	$5.00	50	$2.00	4.0%

One of largest brick makers. Net in 1925 reflects almost 100% increase over 1924, with output only slightly larger. Floating debt large and cash balance small, with current assets about 2¼ times current liabilities. Not in especially strong position to face depression, and record in past years spotty. Position quite speculative.

Harbison-Walker Refractories, common

Pittsburgh	$10.00	140	$6.00 (a)	4.3%

Another large brick maker and a strong company in every way. Cash holdings about double current liabilities and past record uniformly good with common on regular cash dividend basis since 1910. Well entrenched for a depression. Stock in investment class with little speculative interest or ownership.

Long Bell Lumber, Class A

N. Y. S. E.	$9.00	48	$4.00	8.3%

One of the biggest factors in the Pacific Coast lumber trade with a developed earning power large enough to cover Class A dividends by a good margin. Pacific Coast section boom has been less pronounced and building outlook is more favorable than in East. Good long-pull speculation offering adequately high yield to offset risk.

Otis Elevator, common

N. Y. S. E.	$12.50	130	$6.00	4.6%

Largest elevator manufacturer. Enjoys profitable repair and inspection business which more than covers preferred dividends. Common has paid dividends at regular increasing rates since 1902. Net since 1922 has doubled. Cash and equivalents double current liabilities. High grade stock, but present not good time for purchase.

Richmond Radiator, pfd.

N. Y. C.	$11.00	39	$3.00	7.7%

Recently recapitalized maker of radiators and bathroom supplies, which has prospered wonderfully from building boom, but earning power unseasoned. Financial position fair. Preferred is cumulative to extent of $3 and must pay $4 before common dividends. May increase to $4 this year. A good speculation for those who can afford some risk.

U. S. Realty & Improvement, new common

N. Y. S. E.	$47.00	68	$4.00	5.9%

Owns valuable skyscraper real estate in New York mostly outside of recent boom zone and controls subsidiary specializing in big building construction in large cities. Improvement in earnings since 1922 not as marked as improvement in financial status and capital structure. Cash double current liabilities. Dividend probably would survive depression, but speculative possibilities in shares seem fully exploited.

(a) And extras. (b) With extras. (c) Also 4% in common stock. (d) With stock. (e) Preferred. (f) On basis recent price of pfd. (g) Also 5% in stock.

Strictly Real Estate Companies

Market	Est. 1925 Net Per Share	Recent Price	Annual Dividend	Approx Yield

Alliance Realty, capital stock

N. Y. S. E.	$17.00	140	$8.00 (a)	5.7%

Properties in high-class apartment house sections and financial district of New York City. Conservative dividend, financial and operating policy assures stock remaining on dividend basis through any probable depression. Has paid regular dividends since 1902.

Bush Terminal, 7% debenture stock

N. Y. S. E.	$21.00	86	$7.00	8.1%

Warehouse, dock and terminal properties in Brooklyn with increasing earning power through decreasing vacancies. Debenture stock unseasoned marketwise but secured by proved earnings power and unquestioned property values. Low enough to buy for investment and should appreciate considerably in a few years.

Land Company of Florida, common

N. Y. C.	Not Available	42	None	None

Wall Street's Florida land company, owning nearly an acre per share in the less exploited section of state. Land soon should be under development because of new railroad facilities. Land in Palm Beach and St. Lucie counties is well timbered and below frost belt. Stock attractive for long-pull speculation.

New York Dock, participating preferred

N. Y. S. E.	$6.50	75	$5.00	6.7%

Warehouse, dock and terminal properties on Brooklyn waterfront having good long-pull possibilities. Under new management better earning power should develop, but preferred looks years away from time when participating feature will lead to higher dividend. Present not opportune time to buy for speculation.

Companies Collaterally Interested in Building

Air Reduction, capital stock

N. Y. S. E.	$10.50	110	$5.00 (b)	4.6%

Manufactures gases and apparatus used in cutting and welding metals. Market for products broadens with rebuilding of old structures, which may suffer less than other lines in coming reaction. Excellent financial status and splendid long-pull possibilities. Good for purchase on a reaction.

Devoe & Raynolds, Class A

N. Y. S. E.	$6.00	92	$2.40	2.6%

Third largest paint manufacturer. Dividends on common every year but two since 1894. Recently recapitalized, 2 Class A and one Class B for each old share. Strong in cash, and trade standing good, but difficult to justify price of shares by developed earning power or prospects. A good stock, but much inflated.

Glidden Company, common

N. Y. S. E.	$3.00	24	$2.00	8.3%

Very large maker of paints, especially paint specialties such as varnishes, japans, etc. Trade position vastly improved, but newly acquired earning power unseasoned. Still offers possibilities.

International Cement, common

N. Y. S. E.	$8.00	66	$4.00	6.1%

Very large manufacturer of product used in road construction as well as in building. Competitive standing well established and low-cost producer. Outlook good. Not inflated.

Pittsburgh Plate Glass, common

Pittsburgh	$30.00	290	$18.00 (b)	6.2%

One of America's strongest industrials and does a diversified business, making paints and other products as well as glass which is sold to motor trade as well as builders. Cash holdings alone four times current liabilities. Probably will be split up and eventually have wider market at higher prices.

Companies Collaterally Interested in Real Estate

Childs Company, common

N. Y. S. E.	$5.50	64	$2.40 (c)	7.7% (d)

Operates the Childs' restaurants, thus owning valuable leaseholds in leading eastern cities. Late expansion has increased common capitalization. Issue attractive for long pull.

Schulte Retail Stores, common

N. Y. S. E.	$13.50	128	8% in 8% (e)	7.8% (f)

Current price appears justified by earning power of tobacco stores, especially in view of probable cash dividends in addition to preferred stock, and reflects real estate appreciation to lesser degree than other issues in same group. Still rather attractive.

F. G. Shattuck, common

N. Y. S. E.	$3.75	70	$2.00	2.9%

Owns the Schrafft's candy stores and restaurants, an excellent business with attractive expansion possibilities, thus controlling some exceptional leaseholds on which stock market has been placing very high valuations. In spite of 20 point decline from 1925 peak, stock still appears much overvalued.

United Cigar Stores, common

N. Y. S. E.	$5.00	94	$2.00 (g)	7.2% (d)

The largest cigar store chain owning some of the best corner leaseholds in America. Recently has expanded in Florida where paper profits are large. Depression should not cut earnings, and would not change high intrinsic worth of lease locations. Has already more or less discounted possibilities.

An Interesting Speculation in Florida Land

Land Company of Florida Has Extensive Holdings —Seaboard Air Line Heavily Interested in Property

FLORIDA certainly holds the center of the stage, in so far as land speculation is concerned. As such, it has influenced an interested public either into buying enthusiastically, or, in many cases, into a wholesale skepticism concerning the future value of all land situated in the state. The holdings of the Land Company of Florida, on the other hand, while they are situated in Florida, are not subject right now to the question of whether or not there is inflation in the value of Florida land. Speculative interest in its common stock has revolved around the simpler question as to whether the intrinsic value of the stock, based on the value of its land holdings, is understated at the prevailing prices of $40 a share.

Calculating the Value of Land Co. of Florida Stock

If acreage is sold at average of:	Preferred stock would receive per share above timber payments	Common stock would be worth per share
$100 per acre	$4.25	$109
200 per acre	4.25	223
300 per acre	4.25	338
400 per acre	4.25	452

Friends of the stock are firmly convinced that the land is worth anywhere from three to five times its present valuation, as reflected in the stock quotations, irrespective of whether the Florida boom lives or dies.

Land Company of Florida is the new name for the Florida Land & Development Company, a subsidiary of the Seaboard Air Line. The latter owns the entire issue of preferred stock, for which it paid the par value of 2 millions. Of the 140,000 shares of common stock it owns about one-half. Most of the remaining half is held principally in large blocks.

Land Company of Florida possesses 160,872 acres of land in Palm Beach, Okeechobee and Martin counties in Florida. Seaboard Air Line, through its subsidiary, the Florida, Western & Northern Railroad, purchased this tremendous acreage years ago at only about $13.50 per acre. At that time, there was no direct trans-Florida railroad, connecting the east and west coast. Hence, almost all of this country was in the backwoods, with practically no railroad facilities.

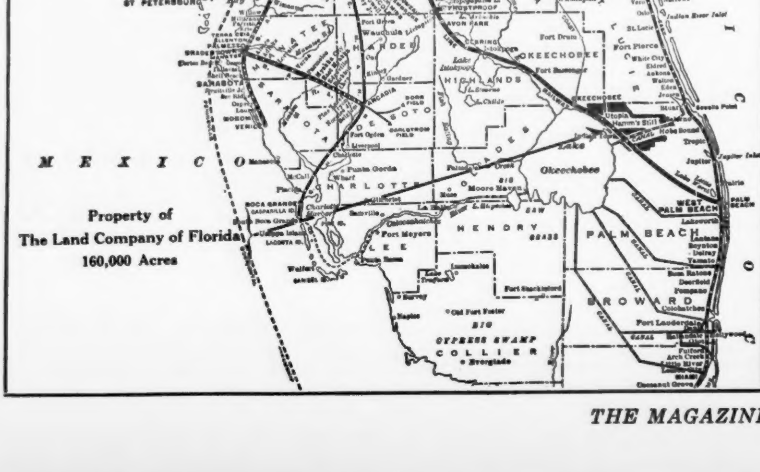
This may make it clear why the land was acquired at such low figures. When the Florida, Western & Northern Railroad issued its 7 millions of 7% mortgage bonds, it stipulated that at their retirement it would give as a bonus to each holder of a $1,000 bond ten shares of its land company subsidiary. The bonds were recently retired. When the shares of the Land Company of Florida were placed on the N. Y. Curb Market, keen observers noted that the only 70,000 shares available (the other 70,000 being owned by the Seaboard Air Line) constituted a limited supply, and the shares were accordingly bid up. Naturally, bondholders were glad to obtain a profit on what had cost them nothing, and offerings were liberal. These offerings broke the price from the high of 94. Most of the bondholders who had obtained these bonus shares rushed to sell all the way on the scale down, as any price represented a profit to them.

The stock's decline brought the price down to as low as 34 and it is now about 40.

An Empire of Fertile Land

The company's 160,000 acres, or 250 square miles, lies just east of Lake Okeechobee (but at no point has it lake frontage). Of this domain, 100,000 acres lie on both sides of the St. Lucie Drainage control canal, which extends from Lake Okeechobee to the Atlantic Ocean. Of the remainder, 25,000 acres are outside of Palm Beach county, but alongside the Florida, Western & Northern Railroad, which is now making the country available for settlement. The remaining 35,000 acres, which are in Palm Beach county, are also convenient to this road.

The land is perfectly adapted for lemon, orange and grapefruit raising, and is also suitable for raising all semi-tropical and temperate garden vegetables. It is part of the rich Everglades country. Until now, lack of drainage has prevented general appreciation of its amazing fertility, but the St. Lucie drainage canal will make it entirely available for agriculture.



Property of The Land Company of Florida 160,000 Acres

It can compete directly with Cuba in sugar cane. It can raise all semi-tropical fruit products, as well as all temperate zone grain crops. It is the only part of the United States having the requisite temperate, moisture and fertility for so competing. *The Seaboard subsidiary road, in operation for only about a year, will make it possible to market the production of this now drained fertile area.* The pick of the district, so far as fertility and transportation availability is concerned, is in the Land Company of Florida, holdings. Certainly, this

deep, rich muck land never before has had a chance to show its value to agriculture.

The land is heavily forested, its 220 million feet of lumber having been sold at $6 a thousand feet, to be paid off when cut within the next ten years.

Land in the immediate vicinity of the Land Company of Florida holdings has been selling at from $200 to $1,000 per acre. Land Company of Florida common stock is selling on a basis of less than $50 per acre. As stated, the company has already contracted for a timber return of $1,320,000, which is 66% of preferred stock outstanding. It is understood to have been offered enough for townsites along the railroad to make up the balance of $680,000 which would enable it to retire the preferred stock. *Hence, the entire acreage, less the small area for some town sites, should inure to the benefit of the common stock.*

Those who are not bullish on the stock base their objections principally on the length of time it will take to turn their value into cash. Land Company of Florida has not yet determined whether it is to be a development or a liquidating company. Will it sell some of its acreage and thus obtain funds to develop the rest intensively? Will it just sell acreage and disburse dividends out of surplus?

At present, the company is pursuing a conservative policy. It has not yet sold any of its holdings. Land was withdrawn from the market on July 1, 1925. No definite fixed price has yet been put on any parcel. All bids are being subjected to investigation, as the company wants only constructive developers with proven resources. In other words, it does not want its holdings to be a Florida realty football, but an actual agricultural development, along proven lines. All of this is undoubtedly sound policy but it is also slow policy. Settlers may pay on time, and liquidation may stretch out for a decade.

Optimists on the stock argue that the land is worth at least enough to make the stock worth $100 a share or more irrespective of uncertainty as to financial policy. They argue that such land would not be worth less wherever situated on any terms. They further believe that the Seaboard would develop its own investment before any other. They consider the comparatively small floating supply significant. They believe that the Florida, Western & Northern Railroad would establish local shops, etc., on its own property first. For these reasons they consider the stock a great bargain at the current low prices.

The reader should at once realize the highly speculative character of the stock. The company has no earning power at present, and practically nominal assets outside of land. Its future depends entirely on how successfully it markets or develops its properties. Obviously, the attractive possibilities should not blind the purchaser to the essentially speculative nature of the issue. Consequently, funds invested should be such as can be spared. The investor must be in a position to afford the risk involved. For such, it is possible that within two or three years, the investment's value may be greatly enhanced. This stock obviously is not of a type that should be bought on margin.

"MY SELECTION OF THE BEST STOCK"

(Continued from page 507)

the result that the company now operates in Philadelphia, Richmond, Minneapolis, Trenton, St. Paul and Detroit, in addition to the cities previously mentioned.

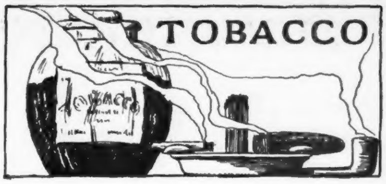
Banking connections are excellent. The merchandise buying staff is regarded highly in trade circles. The company has achieved signal success in the merchandising of feminine apparel. Its stores, notably those in Detroit and Pittsburgh, are centrally located and in fast growing communities. The fact that it serves widely separated districts and various industrial classes renders the company free from the adverse effects of anything but a nation-wide depression.

A Growing Business

The rapid expansion of the business has borne due reflection in increasing sales. Thus, for the year ended January 31, 1919, component companies reported revenues of 31.61 million dollars. This compares with about 59 millions for ten months of 1925. The earnings record of the company has been rather erratic, due to its comparatively short history. In the period 1919-24, net per common share fluctuated between 22 cents and $6.75, with the best showing being made in the last named year. The necessity of diverting funds to carry out its expansion program resulted in a falling off in net for the late year, but current sales are running considerably above those previously reported. The company, therefore, may be expected to report a satisfactory balance earned on the common for 1925.

Financial condition is excellent. The latest balance sheet shows 22.1 million dollars of current assets and 10.7 millions of current liabilities, thus indicating net working capital of 11.4 millions.

Dividends on the common probably lie a considerable distance ahead, but in view of the company's progress to date as well as its excellent prospects for the future I believe the possibilities of this issue have not been discounted in the present market valuation around 42.—L. J. B.



REYNOLDS TOBACCO Few industries may boast a record to compare with that of the tobacco business. The persistent and phenomenal growth in consumption of the cigarette has made tobacco stocks pre-eminent among investment common shares. True, shares of companies engaged in this steadily expanding branch of the industry are selling at prices which leave something to be desired for the true bargain seeker. Nevertheless, the purchaser who desires sound value and is willing to buy into well established earning power need not forego opportunities in this group.

The outlook for long-term expansion in the consumption of cigarettes offers sufficient compensation for whatever disadvantage may attach to the purchase of sound tobacco stocks at prevailing levels. Even a recession in market values would not materially alter the prospect in this respect. Given a reasonable opportunity, the tobacco stocks should continue to reflect the steady growth in earning capacity of the industry.

Liggett & Myers and Reynolds Tobacco are, undoubtedly, the outstanding examples of strength in the tobacco group. Choice between these two is largely a matter of personal preference. For my part, Reynolds offers a slightly greater appeal, despite its higher price, largely because of the company's phenomenal strides in recent years. In the cigarette field, Reynolds has concentrated its energies on one brand. "Camels" are the most popular of all. Aggressive advertising has placed this product on an exceptionally strong competitive footing, as denoted by the fact that the company's net income increased from 7.04 million dollars in 1918 to 23.78 millions in 1924. Incidentally, this is the largest profit ever shown by any tobacco company. It is entirely logical to assume, that when last year's figures are published, even this impressive showing will be exceeded.

The management has always been classed as conservative, retaining a generous share of income for reinvestment in the business. Thus, it had built up a surplus of 29.73 millions as of December 31, 1924, compared with 11.18 millions at the close of 1915. Working capital at the end of 1924 exceeded 112 million dollars.

Last December, the company retired all of its outstanding preferred stock at $120 a share. In consequence, Reynolds now has a simple capital structure, consisting only of 10 million dollars of $25 par value common stock and 70 millions class B common. The first named issue is very closely held.

Retirement of the preferred shares

(*Please turn to page* 585)

How Preferred Stocks Measure Up Under *The Magazine of Wall Street's* "Adjustable Rating System"

READERS who are familiar with our previous rating table of preferred stocks will note a number of additions and eliminations in the accompanying list. As a result of large earnings and accumulations of surplus working capital, several companies have retired their preferred stocks during the past year. At the same time, the steady growth in security listings on the New York Stock Exchange has suggested the advisability of adding some of the newer and more prominent preferred stocks to the table.

It will also be observed that the ratings of individual stocks have been revised in several instances. As a result of enhanced earning power and greatly strengthened financial position, many preferred stocks have graduated to a higher investment footing. Their ratings have been raised accordingly. In a few cases, some companies have failed to participate in the general business improvement but have actually lost ground in the past year. Ratings of their preferred shares, therefore, have had to be readjusted downward. Fortunately, the latter are very much in the minority.

Those of our readers who have followed the tables in the past will find the present listings useful in revising their holdings wherever changes appear necessary. Such changes, of course, will be based upon the desire to switch out of securities that afford relatively low yields or from those where there is reason to believe their position is not as strong as heretofore.

New as well as old readers will find the table of assistance in planning commitments or readjusting present holdings to meet existing conditions. It is worthy of note that, in practically every case, the higher-grade preferred stocks have ceased to be attractive from a yield standpoint. This is due to the fact that such issues move in close harmony with the broad trend of money rates. That is to say, when money is easy and tending to become cheaper, the high-grade preferred shares move upward to readjust income return to a competitive basis. When, on the other hand, money rates are hardening, as at present, high-grade preferred issues cease to be attractive for new commitments, unless the investor is content with a low return and willing to face the possibilities of some recession in market values.

Among the second-grade and speculative securities, irregularities in yield are likely to be numerous. Variations in earning power, asset position, length of dividend records, and the like, account for such differences. However, these very conditions promote opportunities for profitable investment for the discriminating buyer.

To decide which stocks are attractive, the prospective purchaser should compare the ratings given each stock with the typical ratings contained in the Explanatory Table. These are outlined below. The entire list of preferred stocks has been divided into three main groupings, embracing those rated "A," "B" and "C." These three broad groups are further subdivided as indicated.

The Magazine of Wall Street's

Adjustable Rating System

as Applied to Listed Preferred Stocks

SECURITIES HAVING THIS RATING:	OCCUPY THIS INVESTMENT POSITION:	AND ARE ATTRACTIVE IF THEIR YIELD EXCEEDS THIS PERCENTAGE:
	DIVIDEND PAYERS	
A^1	Highest Grade Investments	5.70%
A^2	High Grade Investments	6.15
B^1	Sound Investments	6.40%
B^2	Desirable But Not Fully Seasoned	6.95
B^3	Possessing Speculative Possibilities to Be Considered Individually	7.50
B^4	Position and Outlook Uncertain	8.00
	NON-DIVIDEND PAYERS	
C^1	Possessing Good Speculative Possibilities	*
C^2	Too Speculative Except for Consideration Individually	*
C^3	Not to Be Considered for Commitment	*

The method of judging each security may be best illustrated by example.

Thus, Goodrich Tire preferred has been given a rating of B^1. Referring to the Explanatory Table, it is seen that we regard this issue as a "Sound Investment." At current prices, Goodrich yields 7.14% whereas an issue of this grade may yield as low as 6.40% and still be attractive. Hence, we conclude that Goodrich preferred is a desirable investment. Similarly, American Agricultural is rated C^1. Again referring to the Explanatory Table, it is observed that shares rated C^1 "possess good speculative possibilities" and are attractive as speculations.

Another instance may be cited in the case of Advance-Rumely. Here, the shares have been rated B^3. The yield is but 5.0% compared with a typical yield of 7.5% as shown in the Explanatory Table. However, there is a strong probability that Advance-Rumely will eventually increase its dividend to the full 6% rate, as indicated in the comment. Accordingly, the low yield is offset by the speculative possibilities in the stock. In cases of this kind, the comment will be found helpful.

NOTE: In these tables, investors will find: (1) a brief analysis of each issue; (2) the present prices and yields offered by all of these preferred stocks; and (3) the rating accorded each one under our ADJUSTABLE RATING SYSTEM.

Investors should interpret the rating in the light of the complete explanation presented on the previous page.

	Recent Price	Yield (%)	M.W.S. Rating
ADVANCE-RUMELY Co.—*Preferred Stock*, 6% Cum. ($100 par). Paying 3%. Dividends 14% in arrears. Return of prosperity to farm machinery business lays basis for eventual increase in div. to full rate. Attractive	60	5.00	B^3
ALLIED CHEMICAL & DYE CORP.—*Preferred Stock*, 7% Cum. ($100 par), callable at 120. Amply secured by large equities and substantial earning power. Strong probability that issue will be redeemed	120	5.83	A^2
ALLIS-CHALMERS MFG. Co.—*Preferred Stock*, 7% Cum. ($100 par), callable as whole at 110. Company has no funded debt. Strong working capital position. Good earnings record	109	6.42	B^1
AMERICAN AGRICULTURAL CHEMICAL Co.—*Preferred Stock*, 6% Cum. ($100 par). Dividends 28½% in arrears. Plants in good condition. Working capital position sound. Improvement in fertilizer industry opens way for elimination of 17.9 millions profit and loss deficit, pfd. div. accruals and resumption of payments	80	...	C^1
AMERICAN BEET SUGAR Co.—*Preferred Stock*, 7% Cum. ($100 par), callable at 110. Uneven earnings record but average yearly income well in excess of div. needs. Equal voting power with common	79	8.86	B^3
AMERICAN CAN Co.—*Preferred Stock*, 7% Cum. ($100 par), equal voting power with common. Company has developed high earning power in recent years and stands in front rank among industrials. Strong financial position; no bonded debt.	121	5.78	A^1
AMERICAN CAR & FOUNDRY Co.—*Preferred Stock*, 7% N. C. ($100 par). Solidly established, conservatively managed company. Excellent record. No bonded debt	126	5.55	A^1
AMERICAN HIDE & LEATHER Co.—*Preferred Stock*, 7% Cum. ($100 par). Dividends 146½% in arrears. Capital readjustment plan adopted March 4, 1925, provided for 3.5 millions 8% prior preference stock. Authorized 7% pfd., reduced from 17.5 to 10 millions. Earnings erratic; unsatisfactory last five years. Speculative possibilities, based on improvement in leather industry	60	...	C^2
AMERICAN ICE Co.—*Preferred Stock*, 6% N. C. ($100 par), equal voting power with common. Relatively stable earnings, averaging $10 a share for pfd. in last 10 years	83	7.22	B^2
AMERICAN LINSEED Co.—*Preferred Stock*, 7% N. C. ($100 par), equal voting power with common. Past record erratic and unsatisfactory. Good showing since 1923.	86	8.13	B^3
AMERICAN LOCOMOTIVE Co.—*Preferred Stock*, 7% Cum. ($100 par), equal voting power with common. Strongly protected by equities and high earning power	119	5.87	A^2
AMERICAN METAL Co.—*Preferred Stock*, 7% Cum. ($100 par), equal voting power with common; convertible into 2 shares of com. prior June 1, 1927. Strong investment with speculative possibilities in conversion feature but selling above call price (110)	117	5.95	A^2
AMERICAN SMELTING & REFINING Co.—*Preferred Stock*, 7% Cum. ($100 par). Earnings variable but margin over pfd. div. wide. Well protected by assets	114	6.14	A^2
AMERICAN STEEL FOUNDRIES—*Preferred Stock*, 7% Cum. ($100 par), redeemable 110. Earnings and asset position entitle issue to high investment rating. No bonded debt	113	6.19	A^2
AMERICAN SUGAR REFINING Co.—*Preferred Stock*, 7% Cum. ($100 par), equal voting power with common. Exceptionally strong financial position has carried company through difficult period. Prospects for improvement in investment standing..	101	6.93	B^2
AMERICAN TOBACCO Co.—*Preferred Stock*, 6% Cum. ($100 par), equal voting power with common. Has never failed to earn pfd. div. many times over	106	5.66	A^1
AMERICAN TYPE FOUNDERS Co.—*Preferred Stock*, 7% Cum. ($100 par), callable as whole at 105. Equal voting power. Unusually stable earning power and large margin of safety over div. needs. Working capital equal $165 a share	107	6.54	A^2
AMERICAN WATER WORKS & ELECTRIC Co., INC.—*First Preferred Stock*, 7% Cum. ($100 par), redeemable at 110, equal voting power with common. Earnings have shown good growth in past few years. Investment position improving	102	6.86	B^1
AMERICAN WOOLEN Co.—*Preferred Stock*, 7% Cum. ($100 par), equal voting power with common. Severe losses sustained in 1924 and uncertain position of woolen manufacturers place shares in speculative position, but outlook more encouraging..	90	7.77	B^3
AMERICAN & FOREIGN POW.—*Preferred Stock*, $7 Cum. (no par). Redeemable at 110. Utility holding co. associated with Electric Bond & Share. Financial position needs strengthening but earning power substantial and expanding	92	7.60	B^3
ARMOUR & Co. OF DELAWARE—*Preferred Stock*, 7% Cum. ($100 par), callable at 110. Principal and dividends guaranteed by Armour & Co. of Illinois. Earnings of latter practically restored to pre-war standard	97	7.21	B^2
ASSOCIATED DRY GOODS CORP.—*First Preferred Stock*, 6% Cum. ($100 par), equal			

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	Recent Price	Yield (%)	M.W.S. Rating
voting power with 2nd pfd. and common. Remarkable expansion in last few years. Dividends covered by very wide margin. No bonded debt	102	5.88	A²
Second Preferred, 7% Cum. ($100 par). For all practical purposes, as well secured as 1st pfd. stock and offers better yield...	107	6.54	B¹
ATCHISON, TOPEKA & SANTA FE RY. CO.—*Preferred Stock,* 5% N. C. ($100 par). High grade management, excellent record. Shares among best high-grade investment preferreds	96	5.20	A¹
ATLANTIC GULF & WEST INDIES—*Preferred Stock,* 5% N. C. ($100 par), redeemable at 100, equal voting power with common. Sharp recovery in earnings due to boom in coastal shipping. Divs. likely to be resumed	54	...	C¹
ATLANTIC REFINING CO.—*Preferred Stock,* 7% Cum. ($100 par), callable as whole at 115. Large equity in assets. Strong investment issue notwithstanding irregularity of earnings in last five years	116	6.03	A²
AUSTIN, NICHOLS & CO.—*Preferred Stock,* 7% Cum. ($100 par), callable at 105. Six year annual average income over twice div. requirements. Outstanding amount being steadily reduced by 3% yearly sinking fund	92	7.60	B²
BALDWIN LOCOMOTIVE WORKS.—*Preferred Stock,* 7% Cum. ($100 par), callable as whole at 125, has full voting power. Dividend earned nearly four times over, on the average, in last ten years, although not fully covered in 1924	111	6.30	A²
BALTIMORE & OHIO R. R. CO.—*Preferred Stock,* 4% N. C. ($100 par). Has irregular record of earnings but dividend amply secured and shares should eventually recover former high investment position	67	5.97	A²
BETHLEHEM STEEL CORP.—*Preferred Stock,* 8% Cum. ($100 par), convertible into common at 115, redeemable at 115. Present earning power not up to average of former years but covering dividend by safe margin	116	6.89	B²
7% Cum. Preferred, ($100 par), equal voting power with common. Preceded by 11.6 millions 8% pfd.	102	6.86	B³
BROOKLYN-MANHATTAN TRANSIT CORP.—*Preferred Stock,* $6 Cum. after July 1, 1926 (no par). Voting trust expires July 1, 1928. Earnings since reorganization gradually expanding. Room for price appreciation	83	7.22	B²
BROWN SHOE CO.—*Preferred Stock,* 7% Cum. ($100 par), callable at 120. Working capital equivalent over $240 a share of pfd. Divs. earned more than 3 times over, on average, in last 10 years	108	6.48	B¹
CENTRAL LEATHER CO.—*Preferred Stock,* 7% Cum. ($100 par), equal voting power with common. Dividend 33¼% in arrears. Earnings show fair measure of improvement with prospects favorable although divs. are not yet in sight	65	...	C²
CHICAGO & NORTHWESTERN RY. CO.—*Preferred Stock,* 7% N. C. ($100 par), after 7% is paid on common, pfd. entitled to additional 3%; after 10% on common both share equally in further payments. Earnings not up to pre-war standard but position steadily improving	118	5.92	A²
CHICAGO, ROCK ISLAND & PACIFIC RY. CO.—*7% Preferred Stock,* Cum. up to 5% ($100 par), callable 105 as whole only, equal voting power with common and second pfd. Road has erratic earning power, although substantial improvement shown in last ? years	99	7.07	B²
6% Preferred, Cum. up to 5% ($100 par), callable 102 as whole only, 1st pfd. entitled 1% additional after 6% on this issue. Speculative possibilities attached to both stocks in possibility of absorption by Southern Pacific	86	6.97	B²
CHRYSLER CORPORATION—*Preferred Stock,* $8 Cum. (no par), redeemable at 115, equal voting power with common. Unseasoned but secured by high earning power and substantial equities	106	7.54	B²
COCA-COLA CO.—*Preferred Stock, 7%* Cum. ($100 par), redeemable at par. Dividends earned six times over, on average, since organization. No funded debt. Steadily being retired out of earnings. 80,000 shares still outstanding	100	7.00	B¹
COLUMBIA GAS & ELECTRIC CO.—*Preferred Stock,* 7% Cum. ($100 par), redeemable as whole at 115. Consistent record of growth with rapid expansion of earnings in recent years. Strong issue	113	6.19	A²
CORN PRODUCTS REFINING CO.—*Preferred Stock,* 7% Cum. ($100 par). Protected by large equities and high margin of earnings. Only 2.5 millions funded debt	121	5.78	A¹
CRUCIBLE STEEL CO. OF AMERICA.—*Preferred Stock,* 7% Cum. ($100 par). Earnings show considerable variation but margin of safety over dividend in recent years has been ample	100	7.00	B³
DODGE BROS., INC.—*Preferred Stock,* $7 Cum. (no par), redeemable at 105. Earnings subject to considerable variation but ample margin shown	88	7.95	B³
EASTMAN KODAK CO.—*Preferred Stock,* 6% Cum. ($100 par). Has voting power. Earning power and assets back of issue place it on footing with better grade bonds. No funded debt	116	5.17	A¹
ENDICOTT JOHNSON CORP.—*Preferred Stock,* 7% Cum. ($100 par), redeemable 125. Each share entitled to two votes. Earnings never below three times preferred dividend requirements. No funded debt...	112	6.25	A²
FAMOUS PLAYERS-LASKY CORP.—*Preferred Stock,* 8% Cum. ($100 par), redeemable at 120 and convertible into common at 107.32. Equal voting power with common. No bonded debt. Dividend well secured. Attractive possibilities in conversion feature	118	6.77	B¹
FISK RUBBER CO.—*1st Preferred Stock,* 7% Cum. ($100 par), redeemable at 110. Divs. resumed Aug. 1, 1925. Plans to liquidate 26% unpaid divs. through issue of new 1st. pfd. stock. Attractive	113	6.19	B³
GENERAL ASPHALT CO.—*Preferred Stock,* 5% Cum. ($100 par), callable at 110, convertible into 1½ shares of common and has equal voting power. Current return low but offset by possibilities in conversion feature	106	4.71	B¹

THE MAGAZINE OF WALL STREET'S
Adjustable Rating Tables

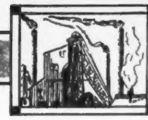
	Recent Price	Yield (%)	M.W.S. Rating
GENERAL MOTORS CORP.—*Preferred Stock,* 7% Cum. ($100 par). No bonded debt. High average earning power. Strongly fortified with working capital	115	6.08	A^2
GIMBEL BROPHERS, INC.—*Preferred Stock,* 7% Cum. ($100 par), redeemable at 115. Successful and growing department store system. Pfd. div. earned several times over	110	6.36	B^1
GOODRICH (B. F.) CO.—*Preferred Stock,* 7% Cum. ($100 par), redeemable 125. Although dividends were covered by slender margin since 1919, company staged come-back in 1924 and 1925. Financial position greatly improved	98	7.14	B^1
GOODYEAR TIRE & RUBBER CO.—*Prior Preference Stock,* 8% Cum. ($100 par), redeemable at 110. Earnings have shown consistent improvement since 1921 reorganization. Dividend well secured.	107	7.47	B^1
7% Cum. Preferred ($100 par), callable at 110. Dividend arrears 29¾%; payments resumed April 1, 1925. Action to clear up unpaid divs. probable. Attractive	105	6.66	B^2
GULF, MOBILE & NORTHERN R. R.—*Preferred Stock,* 6% Cum. ($100 par), equal voting power with common. Gradually liquidating back divs. of which 20% are still due. Attractive in view of this situation	101	5.94	B^2
HUDSON & MANHATTAN R. R. CO.—*Preferred Stock,* 5% N. C. ($100 par), convertible into common at 110. Dividends inaugurated August, 1923. Sound physical and financial position. Earnings steadily increasing	71	7.04	B^2
ILLINOIS CENTRAL R. R. CO.—*Preferred Stock,* 6% N. C. ($100 par), callable after Sept. 1, 1927, at 115. Convertible into common share for share and has equal voting power. A high-grade investment..	125	4.80	A^1
INTERNATIONAL HARVESTER CO.—*Preferred Stock,* 7% Cum. ($100 par), has equal voting power with common. No bonded debt. Dividend earned by good margin despite four year depression. Profits returning to pre-war standard	119	5.88	A^1
INTERNATIONAL PAPER CO.—*Preferred Stock* 1st. 7% Cum. ($100 par), callable at 115. All classes of stock have equal voting power. Average earnings show good margin over requirements despite irregular record	98	7.14	B^2
Preferred Stock, 6% Cum. ($100 par), Holders have right to exchange for like number of shares of 7% pfd., on payment of $10 per share cash, prior to Jan. 15, 1926.	88	6.81	B^3
LIGGETT & MYERS TOB.—*Preferred Stock,* 7% Cum. ($100 par), equal voting power with common. Remarkably consistent earning power. Has never failed to earn dividends many times over	123	5.69	A^1
MACK TRUCKS, INC.—*1st Preferred Stock,* 7% Cum. ($100 par), redeemable 110, equal voting power with 2nd pfd. and common. Substantial increase in earnings in last three years. No bonded debt.	110	6.36	B^1
2nd Preferred, 7% Cum. ($100 par), redeemable 105	10[illegible]	6.66	B^2
MINN., ST. PAUL & S. S. MARIE—*Preferred Stock,* 7% N. C. ($100 par), equal voting power and shares equally with common after 7% has been paid on latter. Erratic earnings record. Material improvement in past year	74	...	C^1
MISSOURI-KANSAS-TEXAS R. R. CO.—*Preferred Stock,* 7% Cum. after Jan. 1 1928 ($100 par), equal voting power with common. Payments at rate of 5% started Jan. 2, 1925. Favorable prospects. Potential 7% dividend payer	87	5.74	B^2
MISSOURI PACIFIC R. R. CO.—*Preferred Stock,* 5% Cum. ($100 par), callable 107, convertible into common share for share, has voting power. Dividend arrears 37½%. Marked improvement in earnings. Recent acquisitions strengthen position. Has attractive possibilities	89	...	C^1
NATIONAL BISCUIT CO.—*Preferred Stock,* 7% Cum. ($100 par), each share entitled 7 votes. Dividend paid regularly since 1898. High earning power	126	5.55	A^1
NATIONAL DEPT. STORES.—*First Preferred Stock,* 7% Cum. (100 par), redeemable at 115. Comparatively new entry into department store field. Dividends earned more than four times over in past 3 years.	97	7.26	B^2
NATIONAL DISTILLERS PRODUCTS.—*Preferred Stock,* $7 Cum. from May 1, 1929, redeemable at 110, voting power during life of voting trust agreement. Fair long range possibilities. Nearby prospects appear limited.	73	...	C^2
NATIONAL ENAMELING & STAMPING CO., INC.—*Preferred Stock,* 7% Cum. ($100 par), equal voting power with common. Unbroken dividends since 1899. Record marred by internal dissension last year. Fair margin of safety with better showing in 1925.	89	7.86	B^3
NATIONAL LEAD CO.—*Preferred Stock,* 7% Cum. ($100 par), redeemable at not less than par. Has equal voting power. Substantial equities, high earning power	116	6.03	A^2
NEW YORK, CHICAGO & ST. LOUIS R. R. CO.—*Preferred Stock,* 6% Cum. ($100 par), redeemable 110. Dividends earned by very wide margin. Consummation of proposed merger would further strengthen position	98	6.12	A^2
NORFOLK & WESTERN RY. CO.—*Preferred Stock,* 4% N. C. ($100 par), equal voting power with common. In very strong position, entitled to rank with better grade bond issues	83	4.81	A^1
NORTH AMERICAN CO.—*Preferred Stock,* 6% Cum. ($50 par), redeemable at $52.50, equal voting power with common. Earnings steadily expanding. No funded debt.	49	6.12	A^2
OTIS STEEL CO.—*Preferred Stock,* 7% Cum. ($100 par), redeemable at 110. Voting power while dividends remain unpaid. Dividends 31½% in arrears. Low earning power. Possibility of merger but otherwise unattractive.	90	...	C^2
PERE MARQUETTE RY. CO.—*Prior Preferred Stock,* 5% Cum. ($100 par), redeemable at par. Rather irregular but good average earnings record, especially so in recent years. Under Nickel Plate consolidation plan will become 6% issue	89	5.61	A^2
Preferred Stock, 5% Cum. ($100 par),			

THE MAGAZINE OF WALL STREET'S
Adjustable Rating Tables

	Recent Price	Yield (%)	M.W.S. Rating
redeemable at par. All classes of stock have equal voting power. Under consolidation plan this issue will receive 5.4% dividend	79	6.32	B^1
PHILADELPHIA Co. (Pittsburgh),—*Preferred Stock,* 6% Cum. ($50 par). Has long divided record. Relatively stable earnings. There is a small issue of 5% non-cum. pfd.	48	6.25	A^2
PRESSED STEEL CAR Co.—*Preferred Stock,* 7% N. C. ($100 par). Dividends suspended Aug. 5, 1924, resumed Jan., 1925 and overdue payments cleared up. Margin of earnings over requirements in recent years not wide	91	7.69	B^3
PUBLIC SERVICE CORP. OF N. J.—*Preferred Stock,* 8% Cum. ($100 par), has voting power. Business showing expansion, earnings increasing	117	6.83	B^1
Preferred Stock, 7% Cum. ($100 par), has voting power. Ranks equally with 8% pfd.	105	6.66	B^1
PURE OIL Co.—*Preferred Stock,* 8% Cum. ($100 par), redeemable at 110, each share entitled to four votes. Earnings have not kept pace with capital expansion in late years but now showing considerable improvement	107	7.47	B^2
RADIO CORP. OF AMERICA—*Preferred Stock,* 7% Cum. ($50 par), redeemable at $55, each share carries ten votes. New company in new industry. Earning power not yet definitely established. No bonded debt	46	7.60	B^3
READING COMPANY—*First Preferred Stock,* 4% N. C. ($50 par), redeemable at par, equal voting power with 2nd pfd. and common. Dividends covered by very wide margin over long period	40	5.00	A^1
2nd Preferred, 4% N. C. ($50 par), redeemable at par	41	4.87	A^2
REPUBLIC IRON & STEEL Co.—*Preferred Stock,* 7% Cum. ($100 par), equal voting power with common. Earnings show considerable variation. Irregular dividend record.	93	7.52	B^3
ST. LOUIS-SAN FRANCISCO RY. Co.—*Preferred Stock,* 6% N. C. ($100 par), redeemable at par. Equal voting power with common. Sharp increase in earning power since 1922 with development of Southwest.	89	6.74	B^1
ST. LOUIS SOUTHWESTERN RY. Co.—*Preferred Stock,* 5% N. C. ($100 par). Equal voting power. Dividends, suspended in 1914, resumed in 1922. Has done well in recent years.	76	6.57	B^1
SCHULTE RETAIL STORES CORP.—*Preferred Stock,* 8% Cum. ($100 par), redeemable at 120. Second largest cigar store chain. Record of steady growth.	115	6.95	B^1
SEABOARD AIR LINE RY.—*Preferred Stock,* 4% N. C. ($100 par), equal voting power with other classes of stocks. Entitled to additional 2% after $4 div. on common. Preceded by small issue of 6% preferred. Sharp gain in earnings based on boom in Florida, though dividend still remote	48	...	C^1
SINCLAIR CONSOLIDATED OIL CORP.—*Preferred Stock,* 8% Cum. ($100 par), redeemable at 110. Highly erratic earnings. Room for price appreciation in view of improved outlook for oil industry	90	8.88	B^3

	Recent Price	Yield (%)	M.W.S. Rating
STANDARD OIL Co. (New Jersey).—*Preferred Stock,* 7% Cum. ($100 par), redeemable as whole at 115. Backed by assets and earning power of one of strongest Standard Oil companies. No bonded debt.	117	5.98	A^1
STUDEBAKER CORPORATION—*Preferred Stock,* 7% Cum. ($100 par), callable at 125. No funded debt. Preferred dividend covered several times over under all past conditions	123	5.69	A^2
SOUTHERN RAILWAY Co.—*Preferred Stock,* 5% N. C. ($100 par). Reinvestment of earnings in past years reflected in present earning power of system which entitles shares to high investment position	93	5.37	A^2
UNION PACIFIC R. R. Co.—*Preferred Stock,* 4% N. C. ($100 par), equal voting power with common. Dividend earned many times over in each of past 25 years	75	5.33	A^1
U. S. CAST IRON PIPE & FOUNDRY Co.—*Preferred Stock,* 7% N. C. ($100 par), equal voting power with common. Dividend arrears were eliminated in June, 1925. Extremely sharp gain in earnings in past three years. Strong financial position	101	6.93	B^2
U. S. INDUSTRIAL ALCOHOL Co.—*Preferred Stock,* 7% Cum. ($100 par), callable at 125. While earnings show considerable variation, dividend is well protected. No funded debt	104	6.73	B^1
UNITED STATES RUBBER Co.—*Preferred Stock,* 8% N. C. ($100 par), equal voting power with common. Uneven record of earnings. Margin over preferred dividend rather slender in post-war period but company again on sound footing.	107	7.47	B^2
UNITED STATES STEEL CORP.—*Preferred Stock,* 7% Cum. ($100 par). In strong position protected by the large equities and earning power of leading steel company	126	5.55	A^1
WABASH RAILWAY Co.—*Preferred A Stock,* 5% N. C. ($100 par), redeemable at 110. Uncertain past performance. Dividends resumed as result of better showing in past three years	73	6.84	B^3
Preferred B Stock, 5% N. C. ($100 par), redeemable at 110. Convertible at rate of one share for one-half share preferred A and one-half share common. Outstanding amt. being reduced through conversion ..	60	...	C^2
WILLYS-OVERLAND Co.—*Preferred Stock,* 7% Cum. ($100 par), redeemable at 110. Dividend accumulation recently cleared up by payment in common stock. Financial position greatly strengthened by improved earnings since 1921.	94	7.44	B^2
WILSON & Co., INC.—*Preferred Stock,* 7% Cum. ($100 par). To be exchanged for 1½ shares new common under reorganization plan. Purely speculative	18	...	C^3
WORTHINGTON PUMP & MACHINERY CORP.—*Preferred Stock,* Class A, 7% Cum. ($100 par), redeemable at 115. All classes of stock have equal voting power. Thin margin of safety over dividend requirements. Should do better.	80	8.75	B^3
Preferred Class B, 6% Cum. ($100 par), redeemable at 105. Ranks equally with 7% preferred except with respect to dividend rate and call price	61	9.83	B^3

MINING



Leading Zinc Stocks Compared

IN the non-ferrous metal markets recently the outstanding features has been the advance in zinc to the highest price since 1920. For the first time in several years, companies mining and smelting zinc ore are realizing satisfactory profits. According to the American Zinc Institute, stocks at smelters at the end of November were but 6,920 short tons comparing with 38,450 tons at the end of October, 1924, and the smallest since April, 1923. Production in October was slightly ahead of that in January and deliveries, 4,320 tons in excess of production, were the largest in ten months.

Demand, so far as it has been especially effective in influencing higher prices, appears to have come from abroad. Since exports have been disappointing up to recently, this is surprising. Furthermore, zinc is hardly the metal which logically should be strong. Known sources of supply are much more abundant than in the case of silver and lead, and even the abnormal war demand failed to advance spelter prices as much as most other metal quotations. As against copper, silver, lead and gold, zinc ore reserves are comparatively abundant, easily mined and easily smelted; nor are commercial utilizations of zinc as manifold and far reaching, since the bulk of the supply is consumed by galvanizers of iron and makers of brass. Before the war, foreign countries supplied the bulk of their own requirements, and annual exports averaged well under 20,000 tons, which is about ten days' production at the current rate of output.

In United States, the important zinc producing States are New Jersey, Missouri, Kansas, Oklahoma, Montana and Wisconsin; but the bulk of production comes from the Joplin district of Missouri and from Montana. The largest single producer is the Anaconda Copper Mining Company, which buys most of its ore from other producers and uses most of its smelter output in the production of brass at the plants of its own subsidiaries. Commercially, the most important companies are New Jersey Zinc and American Metal Company, with American Zinc, Lead & Smelting Company a fair third. United States Smelting and American Smelting both turn out a considerable quantity. Federal Mining & Smelting is an important factor in actual production in the Mid-Continent. Among the smaller producers might be mentioned Butte & Superior (which also produces copper), Butte Copper & Zinc, Barnsdall Corporation, Eagle Pitcher Lead, Park City Consolidated, Utah Apex, Consolidated Mining (in Canada) and Howe Sound Company (in Mexico). Callahan Zinc-Lead, formerly a relatively high cost producer in the Coeur d'Alene district, has practically exhausted its zinc ore resources, and is not now active.

From an investment point of view, the only simon pure zinc stocks are New Jersey Zinc and American Zinc, Lead & Smelting. The other companies profit from a diversified list of metals, lead, copper, silver, gold, and others. The position of American Metal Company in zinc is analogous to that of American Smelting & Refining Company in lead—important enough to be one of the prime considerations in its prosperity. Federal Mining's Mid-Continent ore reserves are meagre, and its Montana operations are silver-lead rather than zinc. If Callahan's Galena property develops as expected it will be a silver-lead mine and not a zinc mine. Butte & Superior admittedly is short-lived as a zinc producer, its mines having been pretty well worked out during the war. Butte Copper & Zinc's long pull hope is to develop copper, and its present chief usefulness to Anaconda, which leases the property, is as a producer of manganese ores. Barnsdall primarily is an oil company. Eagle Pitcher's zinc is complementary to lead. The other public owned companies, outside of American Smelting and United States Smelting, the activities of which have been reviewed at length in these columns recently, are not big producers, except possibly Consolidated Mining & Smelting, the principal investment interest in which is in Canada, and Consolidated is controlled by Canadian Pacific through stock ownership.

AMERICAN ZINC LEAD & SMELTING CO. American Zinc, Lead & Smelting Co. owns mining properties in the Davey, Porto Rico and Granby districts in the Joplin territory, in Knox County, Tenn., in the Neihart district (Silver Dyke) of Montana, and mines operated by leasers in Wisconsin. It has smelters at East St. Louis, Hillsboro, Ills. (inactive), Caney, Kansas, and Granby, Missouri, and a zinc oxide and a roasting plant at Columbus, Ohio, convenient to the rubber plants in that state which are the principal users of lead free zinc oxide. The Silver Dyke property at Neihart is just emerging from the development stage after having practically solved some difficult metallurgical problems. The Tennessee properties deserve mention

(*Please turn to page* 577)

Six Zinc Issues

	—Earned Per Share— 1925*	1924	Annual Dividend Rate	Recent Price	—1925 Range— High	Low	Probable Life
American Metal	$6.00	$5.00	$4.00	53	57⅝	45¾	†
American Zinc, pfd...	2.75	Deficit	none(y)	38	44⅞	24⅞	Long
Butte Copper & Zinc	0.70	0.22	0.50	7‡	8¾	4¼	Problematical
Butte & Superior ...	1.75	0.72	2.00	14	24¼	6½	Short
Federal Mining, pfd...	40.00	7.53	7.00(z)	99	99⅞	49½	Short(x)
New Jersey Zinc.....	13.50	13.05	8.00(w)	205	214½	181	†

NOTES: *Estimated. †Life of Zinc properties is very long, but company's prosperity is not entirely dependent on its own mining operations. ‡Price carried 50 cent dividend. (x) Present properties. (y) $30 a share back dividends accumulated. (z) $19 a share back dividends accumulated. (w) Without extras.

Let Every Week Be Thrift Week

THIS is National Thrift Week—January 17 to 23—and BYFI heartily endorses the movement. To BYFI's ever growing group of readers, every week is a Thrift Week—every day is a Thrift Day. Most of this group have already experienced the rewards of Thrift and Saving, and many are now well on the way to Financial Independence. National Thrift Week is recognition, in a sense, of the principles to which the BYFI Department has been dedicated for many years.

Thrift Week will bring many new and some odd conceptions of Thrift. This Department, for instance, has never conceived of Thrift as the practice of bargain hunting one week in order to save a little money to spend imprudently later. We have never been especially impressed with the slogan "save 'til it hurts." Our experience shows that saving for others is usually more successful than saving for selfish ends. Thrift without a goal is meaningless accumulation.

It is entirely fitting and proper at this auspicious occasion of National Thrift Week for BYFI to reaffirm its conception of Thrift. Our conception is a practical quality that works every day of the year. It should govern ordinary and extraordinary expenditures so that a balance remains out of income which permits the accumulation of a fund to *guarantee future welfare and material comfort.* The end in view is Financial Independence.

How is this goal to be attained? Throughout the year, hundreds of practical aids are printed in these columns. Budgeting plays its part, by introducing system and governing daily expenditures. Judicious investment, whether in the form of a savings bank account, Building and Loan shares, or stocks or bonds, conserves the surplus that is put aside by prudent budgeting. Insurance is also a material aid to the seeker of Financial Independence, providing numerous forms of protection from an untimely interruption of the saving program. Home-building is a first rate aid, offering as it does a means of reducing an essential expenditure to a minimum. Each of these and similar subjects play their part in making Thrift practical and the rewards of Thrift easier to attain.

During National Thrift Week and every other week throughout the year, BYFI will continue to lend a helping hand to the seeker of Financial Independence.

How I Taught My Children to Save

Children May Be Started on the Road to Financial Independence at An Early Age by Giving Them a Few Investments of Their Own

By NED D. BAKER

WHEN our little boy was born, some twelve and a half years ago, an old college chum of mine answered our announcement card with a one-dollar bill to start a savings account for him. The account grew slowly until several years later we gave it a boost with the interest payments on some money we had had left us and we had loaned out and which we considered as "extra money."

By the time he was six years old and the Liberty Loan drives were on, I was able to draw enough from his savings account to buy for him $150 worth of Liberty Bonds.

She will soon have saved enough to buy another share of stock or a Baby Bond.

Junior Income Builders — They have learned that the more they save from their income, the larger the income grows.

I explained to him the meaning of the coupons and told him they would be "his money" and that he was to keep it for things he wanted to buy instead of asking me or his mother for money. After his first coupons were cashed, if he asked for small amounts to buy some toy or trinket, he was told, "You have your own money, and if you want the thing badly enough to spend your own money for it, go ahead." So long as it was not anything really harmful, he was given pretty much free rein—so long as his own funds lasted.

He soon found that they would not last long enough to get everything he wanted and that it was necessary to choose. I noticed at once that there seemed to him a great difference between spending the small sums he could coax from me, and spending money he felt that he really owned. He would hesitate over things he wanted and weigh the matter carefully and decide whether he "could afford it."

Meanwhile a little sister had arrived and a savings bank account had been opened for her too. As the calls for funds continued during the War, we accumulated a few War Savings Stamps as well as Libertys, and the children's grandfather sent them more from time to time. All the War Savings Stamps we considered as belonging to the children and they were put away until the date upon which they fall due.

I taught my son that he should *save something out of income,* and for a while I encouraged this idea by adding a like amount to all he would bank out of his coupon money. When Libertys went to par, I sold his bonds and with his savings and some War Savings Stamps that had matured, I had enough to buy for him three shares of good preferred stock that paid $6 per share. From this he gets $4.50 each quarter and has the dividend dates spotted on my desk calendar far ahead.

When the little girl was about four years old, she began to notice the things that could be bought for nickels and pennies, and to note and comment on the fact that her brother had some money of his own while she had not. She began to ask when she would be "old enough to have her own money?" So when she was about six, there was enough in her savings account, which had grown by a few pennies and nickels at a time, together with her first crop of War Savings Stamps, to buy her one share of 7% preferred stock from which she proudly cashes her $1.75 check each quarter.

They both understand thoroughly the why and wherefore of their dividends, and that as they *save out of income and accumulate more capital,* I will invest it for them and that they can thus *increase their income.* They are getting to be regular little INCOME BUILDERS.

My son now owns:

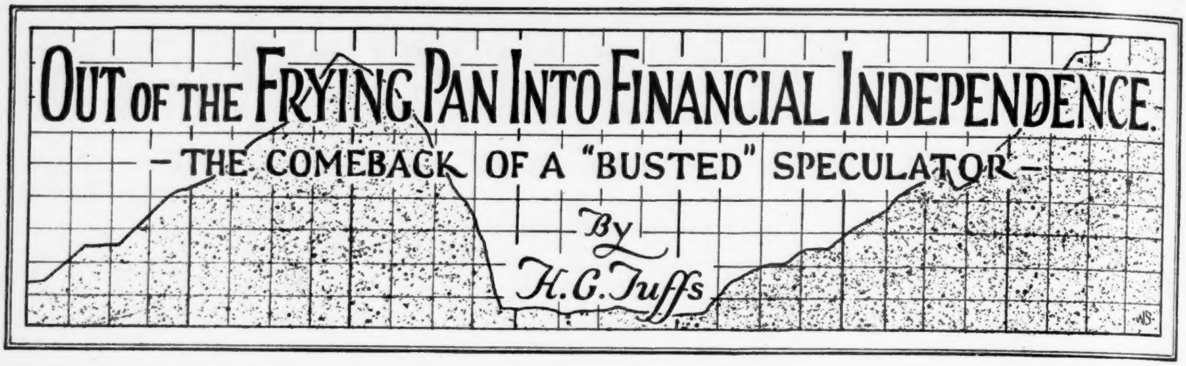
3 shares Pacific Gas & Electric 1st Preferred worth about $97 or $291; 1 American Telephone & Telegraph worth about $140, Total $431; and his income is $6.75 every three months or $2.25 per month, a great plenty for a boy of his age.

My little girl is just passed nine and owns:

1 Great Western Power Co. 7% Preferred worth about $103; 1 American Telephone & Telegraph worth about $140, Total, $243, and gets $4 each three months. She saves a good portion of it and with her other savings, will soon have enough to buy another share of stock or a baby bond.

Which reminds me of a saying I once read to the effect that "money that you earned or saved for yourself is just as different from money that somebody else gives you, as your own children are from other peoples'."

Prize Contest **Building Your Future Income** Prize Contest



"THIS market is feeling for a bottom," I decided early in the summer of 1921. I had been making an excellent living as a stock trader. But the market had in reserve many last straws. General Electric fell from 128 to 110, Railway Steel Spring from the 80s to the 60s, United Drug from the 80s to the 40s, etc. I was persuaded to take advantage of the brilliant opportunity and overtrade.

August, 1921, saw my finish. Moreover, I had accepted for speculation, several thousand dollars from women relatives. Most of these funds—which I immediately returned — had been saved through my being stopped out; but something like $1,000 was missing. So, I was in debt. Incidentally, a specialist had advised me to enter a sanitarium.

A boy leaving school can lick stamps (like Otto Kahn) or polish up the handle of the big front door in almost any field. But as he matures, possible openings for a novice decrease. I had no profession, no record of employment and at 32 was turning gray. Business was stagnant. However, I landed a job in the Wall Street district at $20 a week.

I could hardly imitate the waifs who spend summer nights in parks or under the East River bridges and turn in winter to the municipal lodging house or the Bowery missions. Most rent problems, however, rest on anxiety about externals. A bucketshop's layout is often lavish. The First National Bank, an immense power in Wall Street, has offices which look cramped, almost shabby. Georges Clemenceau pays $100 a year for his flat in Paris; and President Coolidge long lived on a comparable scale. "Heaven is within you."

Has a New Yorker only 40 cents to spare for lodging? Let him recall the hardships of Dr. Cook among the Eskimos, or McGinty at the bottom of the sea and lie down smilingly to sleep in a Mills Hotel. It will compare favorably with Sing Sing or the Argonne trenches.

What Can Be Done?

With $3 he can rent a furnished room in Chelsea or Greenwich Village for one week. Is there gas instead of electric light? By putting some simple contraption on the jet he can cook. Does the house look poverty stricken? It is comparatively safe from burglars.

With slightly more capital one may do better still. For example, on West 15th Street, not far from Sixth Avenue, in the heart of Manhattan, are four brick houses, two of which stand behind the others. Among the tenants is one woman who has lived there 65 years. The well she used when a girl has been supplanted. Toilets have been installed.

For the two rooms which constitute half the top floor in one rear house a retired physician and his wife are paying $12 a month. They went camping last May and turned the place over to me till October for $15 a month.

One goes to the house through a tunnel, lighted at night by a lantern, and across a yard strung with clotheslines. There is no telephone, steam heat, hot water, electricity, gas nor bath. But, except for an occasional cockroach, I found the rooms clean; with a fireplace, kerosene range, and running water; and restfully isolated from ashcarts, milkwagons and the children whose yells enliven so many sidewalks of New York.

Furniture dealers nearby supply free wood. The doctor had given the rooms a touch of distinction by candles and well arranged dishes.

The Freedom of Simplicity

I enjoyed the exemption from a landlady or chambermaid. One was more at liberty and secluded than a householder in a suburb, where idle spinsters keep tabs on everybody; or than if staying in a hotel infested with floor clerks and elevator operators.

There was a double bed and a big lounge. To cut the rent, I might have taken in a partner or two. I did not, however; and—on the principle that three are a crowd—never put up for the night more than one guest at a time.

The bedroom faced on a 16th Street apartment house where tenants paid $1,800 a year. They had bathrooms. But whenever a sponging off at the sink seemed inadequate I strolled up to West 28th Street and in the free municipal bathhouse, supported by taxes on real estate, took a hot shower at such rentpayers' expense.

A Bite to Eat

A piece of bread, some hungry philosopher has remarked, is the principal subject to be considered in this world; and the most harassing of mankind's chronic maladies is stomach trouble. To alleviate this ailment, from which none of us can hope to recover, requires little more than an open mouth and a full pocket. If the exchequer is depleted, on the other hand, one's mind also should be open—and not empty.

A Prize Winner

From a debt of $1,000 to a net worth of almost $6,000 in four years, starting with a salary of $20 a week, is a worth-while story delightfully told by the author in B Y F I's 1925 Prize Contest. Rich with color of New York life, this entertaining article of intensive saving won the Third Prize.

Building Your Future Income

A Bachelor's Budget

Rent	$208
Food	208
Contributions	170
Clothes	100
Laundry	14
Dentist	10
Doctor	10
Barber	8
Miscellaneous	7
Operating Expense	$735
Taxes	45
Net (before depreciation)	2,600
Salary	$3,380

It was impressed on me in 1921 that a tablespoonful of onions, for example, costs 15 cents in a restaurant. Three pounds of onions cost 15 cents in a chain grocery. I decided to do my own cooking.

The 250 marines stationed at the Brooklyn Navy Yard, I was also aware, are allowed 40-odd cents apiece for rations, aggregating something over $100 a day. In addition to the usual standbys, they have chickens, salads, ice cream and the fruits and delicacies of the season. I set myself a tentative allowance of 60 cents.

At the Bargain Counter

American Radiator is said to owe much of its success to its shopping around for timely purchases of raw material. American Sumatra, on the other hand, has not yet recovered from troubles attributed to expensive inventories. Without the slightest regard for dignity, or the traditions of lavishly subsidized kitchens, I embarked on a policy of buying my victuals to advantage.

At 9.45 every Saturday night, for example, the largest and finest bakery in Greenwich Village offers all its remaining wares at half price. Beautiful raisin whole wheat bread which five minutes before was selling at 14 cents becomes 7; and so on. There is nothing the matter with the goods, except that they would not be quite fresh by Monday.

I became a patron also of the Health Department's milk station on Ninth Avenue. One is supposed to have a baby, or intend to have one. But any polite, persistent caller can obtain Grade A milk some 5 cents a quart cheaper than at delicatessens, etc.

Cheese is an economical food at the usual quotations. Yet it can be bought at a 50% discount if one will cultivate some dealer with a fastidious clientele which scorns end pieces and remnants. There must be these final hunks, and whatever he can get for them is so much velvet.

Reminiscences of student days in Venice brought me the friendly regard of an old Italian in Bleecker Street. For years he has supplied me with immense quantities of fruit at almost incredible bargains: grapes that have become detached from a bunch but are perfectly sound; berries that need merely a careful picking over; pears, peaches and apples from which a spot or two must be cut; bananas with dark brown skins, ripened to perfection.

"Loss leaders" of chain stores are often attractive. Wheat biscuit may be cut from 12 cents a package to 9. The chicken broth which one store offers at 15 cents a can may be selling next door, temporarily, at three cans for a quarter. So with many items. As for meat, a bit of bacon goes a long way. A shinbone which will serve as nucleus for a magnificent soup costs 5 or 10 cents.

In short, 60 cents a day proved more than was needed for all I could devour. Attacking other expenses in similar fashion I had no trouble in saving $5 out of my $20 a week.

The Industrious Apprentice

I sailed into my office work wholeheartedly, subordinating to it every other interest. Part of the staff, for instance, are scheduled to begin the day at 8 a. m. For years I reached the office by 7.30 and did the work of men who drifted in from five minutes to an hour late.

Increases of $5 or $10 have come along occasionally. A year ago the latest raise—not necessarily the last—brought me up to $65 a week.

It takes time to save a fortune out of a weekly wage. Simplify one's requirements to the utmost and still complete independence may seem discouragingly remote. Like the bundle of sticks in the fable, however, a competence is made up of parts.

Divide and Conquer

"Let me save 17 bucks," I used to reflect, "and for the rest of my life I have endowed out of every year one day when I need not work, beg, freeze or starve. At 5¾%, $17 yields 97¾ cents—40 for a flop, 40 for eats and 17¾ to chuck around."

A few more settings aside of $17 and soon I could feel I had ransomed myself from wage slavery for one week out of every year. Before long there had been endowed annually a whole month in which I could exist without drudging away on a treadmill, helplessly subject to the whim or reverses of some employer. During that month I might hope to make a little money by writing, or some other work I could choose and enjoy, thus prolonging the period of relative independence. And so on.

After emancipating oneself in theory for the year round on the humblest scale, one may establish other reserves. A Haircut Foundation of $150, for example, should meet the barber's requirements for the rest of my life. With such projects I encourage myself to keep saving, much as an infant is finally led to eat up all the spinach.

A Bachelor's Budget

If I had a helpmeet, of course, we two should live cheaper than one, to say nothing of the inspiration she would supply. As things are, however, for the past year I have been leading the life of Riley on the accompanying annual scale.

"Rent" includes heat, light, furniture, towels, bed-linen and service; also car fares to and from work, as I room within three or four miles of the office.

(*Please turn to page 575*)

The Comparative Income Statement

	1922	1923	1924	1925	*1926
Salary	$1,250	$2,100	$2,970	$3,380	$3,640
Operating expense	780	772	755	735	725
Taxes	....	8	25	45	55
Net before depletion	$470	$1,380	$2,190	$2,600	$2,860
Other income	....	....	40	180	365
Payment of debts	470	615	....	....	....
Brought forward	....	....	765	2,995	5,775
Profit and loss Surplus	†$600	$765	$2,995	$5,775	$9,000

*Figures for year ending August 31, 1926, are estimated. †Deficit.

Partner or Creditor?

The Investor Has His Choice of Becoming a Creditor or a Partner When He Makes an Investment

By STEPHEN VALIANT

WHEN one acquires a security, he becomes associated with a business enterprise, either as creditor or partner. If he selects bonds he is a creditor. If he elects to make a stock investment he becomes a partner in the business.

The bond is a loan made under stated terms. When the loan falls due (at the maturity of the bond) it is paid off, and the association of the investor with the company ceases. An investor should decide what bonds to buy, in very much the same manner that he would make a loan to a friend or a business associate; namely, he must determine the ability of the borrower to pay off the loan (when due), and comply with other conditions under which the loan is made.

A share of stock, on the other hand, is not a loan and consequently there is no obligation on the part of the corporation which issues it to refund the money given up in exchange for the stock or to pay any income on it. Stock represents a partnership interest in the business. If there are 100,000 shares of stock of the corporation outstanding, and the investor buys 100 shares, he acquires a one-thousandth interest. When any earnings are distributed to the partners (the stockholders), his share is a one-thousandth part of the distribution. If the corporation's net assets increase in value, this certificate represents a one-thousandth interest in the increment.

Unlike a bond, which is paid off in full at a stated time, a stock investment is a perpetual interest in the business. The only way that an investor can get his money out of a stock investment is to sell his interest in the corporation to someone else. Naturally, the value of this stock interest is determined by the prosperity of the corporation. Whether any dividends are distributed to stockholders or not, the more money a corporation makes and the more assurance that it will continue to make money in the future, the more valuable a partnership interest in the corporation is likely to be.

The only reason why the corporation owns and operates its property is to acquire a net profit from the operations. The value of the property to the corporation (or as a matter of fact to any other corporation that might wish to buy the property) is determined by the amount of net profit that the property can earn. In certain periods, this property will earn larger profits than in others. Then it has a greater value. The reverse is also true, of course, when the property earns less it is worth less.

The accompanying charts show graphically the different real values of a certain property at different times.

The three charts are drawn to show that at one period the earnings from the property, and, therefore, the real value of the property, is low; at another period, the value is high; at an intermediate period, a "normal" real value is indicated.

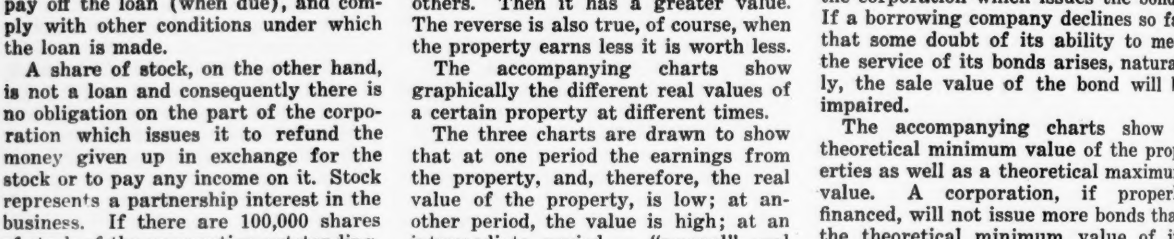
The bonds are a fixed obligation. If the corporation owes its bondholders $1,000,000, then that is the amount of the debt; whether the value of the property is high or low, it still owes this fixed amount.

The interest of the partners (or the stockholders) is the balance that remains after providing for the fixed senior lien of the bondholders. As the corporation grows more prosperous, the value of its shares of stock increases proportionately. When an investor selects a stock, therefore, he should select a stock of a corporation which has a fairly definite prospect of increasing its net profits. In that case, the investor can always find someone else to sell his interest to at the price he paid or at a higher price, should he wish to convert his shares for cash. Conversely, the investor should avoid buying stocks when business in general is at the peak of its prosperity unless the individual corporation has good prospects of going ahead when the trend of general business conditions turns downward. These simple rules govern the stock investment.

The selection of a bond should be made from a different point of view. A bond is essentially a fixed value. If the loan is well made, it will be paid off at maturity. At regular intervals, in the mean time, it pays a fixed rate of income. Under normal conditions, it will not pay more than this fixed amount irrespective of how much profit the borrowing corporation makes in any year. That is not to say, of course, that the bond holder has no interest whatsoever in the progress or decline of the corporation which issues the bonds. If a borrowing company declines so far that some doubt of its ability to meet the service of its bonds arises, naturally, the sale value of the bond will be impaired.

The accompanying charts show a theoretical minimum value of the properties as well as a theoretical maximum value. A corporation, if properly financed, will not issue more bonds than the theoretical minimum value of its properties based on previous earning experience. At all times, even during the most severe depression, a margin of safety should exist, either in a satisfactory surplus or an excess of actual value of the properties. Any growth in value from this minimum point is taken up by increment in the worth of the shares of stock. As long as the ability of the corporation to pay the charges on its bonds is not impaired, the bond holder has little to worry

(Please turn to page 563)



Depression Value
Here the value of the business shrinks to a minimum; the bonds remain a fixed obligation, the loss being taken up by the stock. Further shrinkage would impair the bonds.

Normal Value
With the normal value of the business, the bonds (a fixed value) represent half of the total while the stock interest represents the balance.

Inflation Value
Here the equity of the stockholders is large and the value of the stock increases in proportion, while the bonds remain a definitely fixed amount.

Securing Financial Health Through Insurance

The problems of our readers—regarding how much and what kind of Insurance to meet their personal needs.

By FLORENCE PROVOST CLARENDON

Florence Provost Clarendon

Editor, Insurance Dept.:

I am a regular subscriber to THE MAGAZINE OF WALL STREET, *and would like some advice with respect to life insurance.*

I am 35, have a wife, no children, in good health, and no obligations except protection of wife in case of my death, or wife and self in case of disability.

I have a gross income, principally from salary, of about $7,500 a year; several thousand dollars in cash and securities, and an adequate savings policy designed toward financial independence at 50.

I have insurance at the present time as follows:

Mutual Benefit of New Jersey, $5,000 straight life.

Equitable Life, New York, $1,000 straight life.

Metropolitan, $1,000 20-pay life, mature 1939.

I also have accident and sickness insurance.

The company I am associated with has a pension plan whereby, if I remain in their service, provision is adequately made for my old age. The Mutual Benefit policy costs me $117.50 a year, and I am receiving dividends of from $20 to $30 a year, increasing each time, which I am leaving with the policy on their so-called "Accelerative Endowment Plan." In other words, in return for leaving the dividends with them they give me each year a new contract that the policy will be paid up at a specified time and that it will become an endowment at a later specified date. At the present rate it will be paid up at age 52 (21 years' total payments) and become an endowment at age 60 (29 years' total payments).

You will note that I am fairly well taken care of except for the total amount of insurance for the protection of my wife in case of death, or except in case of my disability at an early date. I have, therefore, concluded that I require:

First—Additional life insurance.

Second—Disability insurance for a period of at least 10 years.

I have two major problems, which are:

First—In taking out additional life insurance would it be entirely safe to give it to the Mutual Benefit, or should the risk be diversified the same as investments? I like very much their accelerative endowment plan, and would like to increase my insurance with them to $10,000.

Second—What form of disability insurance can I get and with what companies, which would pay me $250 or $300 a month in case of disability for any cause, and not excepting such as tuberculosis, rheumatism, cancer, and other diseases which are long-drawn-out and which so many insurance companies "hedge" on?

I trust that I have sufficiently outlined my situation so that you can advise me with respect to:

(a) Diversification of insurance, and the merits of the accelerative endowment plan;

(b) With what companies can I secure proper disability insurance?

(c) Whether or not I appear to have correctly diagnosed my requirements.

In this connection, I might say that I have about concluded from conversation with insurance men that it is unwise to combine life insurance and disability insurance in one policy. They are entirely different risks, and cannot in my opinion be successfully assumed by one company without jeopardizing the interests of the life insurance policyholders.

Yours very truly,
P. R. E., Washington, D. C.

You are carrying your present life insurance policies with good Old Line companies, but you are at present underinsured. You state that the company with which you are associated has a pension plan whereby adequate provision is made for your old age. I assume that this pension does not protect your wife in event of your predeceasing her.

A good thrift plan which has been proved practical and workable is to divert 10% of the annual income towards life insurance premiums, and 10% to savings bank or conservative investments.

There is no reason why you should not take out additional life insurance, with perfect propriety and safety, in the Mutual Benefit if their policy plan of Accelerative Endowment appeals to you. That is a good form of policy and a conservative one.

I would suggest that you apply for $10,000 additional life insurance, at least, since, with your present policies aggregating $7,000, this would bring your protection up to only $17,000. When applying for the additional $10,000, it would be well to state that the proceeds are to be payable to the beneficiary as income—either over a term of years or, preferably, as an annuity for her life. This relieves her of the necessity for seeking investment or asking the advice of relatives or friends regarding her financial affairs.

I do not agree with you that "it is unwise to combine life insurance and disability insurance in one policy."

(*Please turn to page* 563)

BYFI Recommends

Bonds **with a high factor of safety, ready marketability and good collateral value:**

	Price	Yield
N. Y. Telephone Co. ref. 6s Ser. "A" '41	108	5.2%
Del. & Hudson 15-year 5½s '37	103	5.1
Bethlehem Steel 1st guar. 5s '42	96	5.3
N. Y. Cent. & Hud. River deb. 4s '34	94¼	4.8

Bonds **with a good factor of safety, fair income, good marketability and collateral value:**

	Price	Yield
American Sugar Ref. 15-year ref. 6s '37	104	5.6
Anaconda Copper 1st 6s '53	101	5.9
Cuba Railroad 1st 5s '52	90	5.7
U. S. Rubber 1st 5s '47	92	5.7

Preferred stocks **with ample security, a liberal income return and some possibility of enhancement in value:**

	Price	Yield
Famous Players preferred ($8)	117	6.8
U. S. Smelting & Refining preferred ($3½)	49	7.2
Schulte Retail Stores preferred ($8)	113	7.1
Willys Overland preferred ($7)	93†	7.5

†Ex-dividend $29.75 paid on account of accruals.

The Outlook for Oil Companies in Venezuela

Conditions Favor Large Future Output from South America's Most Accessible Field

WHENEVER the domestic production of petroleum declines steadily over any extended period, the oil industry looks out to the most likely foreign fields with more than ordinary interest. It is natural, therefore, that, with a gradual rate of decline in the daily average production since last May as well as a decline in shipments from the Mexican fields, the importance of Venezuela as the most accessible foreign field should increase in direct proportion.

Now Sixth Largest Field

Venezuela is now the sixth largest oil producing country in the world and will probably rank fifth within a very short time. Besides the United States and Mexico, it is outranked potentially only by Russia and Persia, both of which are of comparatively limited interest from the point of view of American oil companies or investors.

Last year, when Venezuela increased its production more than 100% over 1924, it really had the first year of commercially important production in its short history as an oil producing country. In 1915, wells were drilled in five different fields, all located in the Maracaibo basin in the western part of the country, and production was obtained in each.

Prior to 1920, however, the possibilities of the Venezuela fields were fairly nebulous. The wells that were brought in during the earlier years had relatively small production of heavy asphalt base oil. In 1920, interest in the oil possibilities of Venezuela was again renewed when the Government opened up vast tracts in the western part of the country to development. Large concessions were obtained by a number of syndicates, some of which still exist; others have fallen by the wayside or have been absorbed by the stronger oil companies which have come into Venezuela within the past few years.

In the last month of 1922, the Dutch Shell interests drilling in the La Rosa field on the shores of Lake Maracaibo brought in a well with a production of 100,000 barrels a day and enthralling tales of the rich sands in this basin drifted northward to the United States. During the following two years extensive exploration was done on the old concessions and new concessions that were acquired from the Venzuelan Government. Whatever production came in in these years was purely incidental to the test drilling. The most important activity in the country was the bartering for leases and attempting to prove up locations.

Production on Commercial Basis

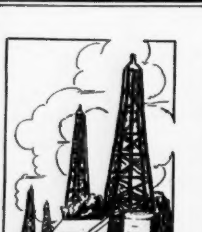
Last year found the stage all set, with sufficient production in the Maracaibo section to start production on a commercial basis. Transportation facilities of the peculiar type necessary to meet the requirements of the country were provided. The larger companies had sufficient rigs set up to start offset drilling around the discovery wells in the various fields. The Venezuela Government had committed itself definitely on the rights of foreigners who provided the capital and equipment to exploit its rich oil fields. Oil production in the United States and Mexico was declining. As the result of all these factors, Venezuela produced almost 20,000,000 barrels last year and can probably double that figure this year if ample transportation facilities are provided.

Venezuela is a logical place for the United States to acquire enough oil to offset reductions in the output of petroleum in the home fields. It is only 2,000 miles from New York and is nearer to both the European markets and the Atlantic seaboard refineries than any of the producing fields in Mexico. Originally only a heavy oil was found, but later wells have been brought in of oils as high as 40 degrees Baume, comparing with the light oils in the California fields. Transportation by pipe line to the deep water loading stations and by tanker to New York represents a total cost of about 60 cents a barrel.

No one has as yet any workable idea of the extent of Venezuela's tremendous oil reserves. The geological structure of the Maracaibo basin, hedged in on three sides by the Andes, together with the seepages and asphalt lakes in the eastern part of the country give rise to estimates of tremendous reserves. Some of the test wells have given an initial production as high as anything known in the history of the oil industry. Recent wells brought in by the Standard Oil Company in the eastern part indicate that the entire country is underlaid with oil sands.

Outlook for Companies

While there is little doubt of the importance of Venezuela as a readily accessible source of petroleum for the United States, it is a great deal more difficult to forecast which of the numerous companies in the field will fare well from the profit point of view at this early stage of the country's oil development. Undoubtedly *General Asphalt* and the Royal Dutch companies with which it is affiliated, as the pioneers in this part of the world, should stand well near the top of the list. *Lago Petroleum,* with its vast concessions underlying practically the entire bed of Lake Maracaibo and other valuable strips on the mainland and with its new Pan American backing, will also occupy a prominent place among the



SECURITIES of oil companies operating in Venezuela have lately been attracting a good deal of interest. It is felt that Venezuela is slowly approaching that place in petroleum production once held by Mexico. Consequently, this article, which describes the most recent developments, ought to be of considerable interest to investors.

companies which will prosper from Venezuela oil development.

Creole Syndicate and *Maracaibo Oil Exploration* are not attempting to obtain commercial production at their own expense but have subleased acreage to Gulf Oil and Standard Oil of New Jersey on a royalty basis. The *Sun Oil Company*, through a subsidiary, is drilling on its leases to the southeast of Lake Maracaibo. *Carib Syndicate* has a vast tract of leased land in the neighboring country of Colombia and is interested in the Maracaibo basin through a minority interest in the Colon Development Co., a Royal Dutch subsidiary. *Venezuela Petroleum* owns Government concessions which are being drilled by other oil companies on a royalty basis. *American Maracaibo Company* owns scattered tracts, the most important of which adjoins the Mene Grande field where oil was first discovered in Venezuela, but has not been eminently successful with its own production. The La Rosa district where Lago and the Dutch Shell interests are obtaining most of their production holds the center of the stage in Venezuela at the present time.

In addition to the above companies whose operations are dependent almost entirely on the future development of Venezuela oil fields, a great number of oil companies in the United States are interested either directly or indirectly through subsidiaries and drilling contracts on the concessions of other companies. The roster of these corporations is indeed impressive and includes the following companies interested to a greater or lesser extent in Venezuela oil developments: Standard Oil Company of New Jersey, Standard Oil of Indiana, Pan American Petroleum, Texas Company, Gulf Oil Corporation, Atlantic Refining Company, Royal Dutch, The Sun Oil Company, Pure Oil, Sinclair Exploration Company, New England Oil and others.

The participation of such companies in the development of Venezuela oil lands is highly significant as to the future outlook and potentialities of this country as a prolific source of petroleum.

New S. O. of California Will Occupy Strong Position

THE new Standard Oil Company of California, created in the merger between Pacific Oil Company and Standard Oil of California, will be one of the largest producing companies in the world. The Standard Oil output in California at the present time is over 80,000 barrels of crude daily with an additional 45,000 daily production shut in. Pacific Oil will add 55,000 barrels daily to this output giving the new company a production of almost 25% of the entire production in the California fields.

From the viewpoint of asset value and corporate structure, the new corporation will tower over other oil companies operating on the West Coast. The consolidated balance sheet shown below indicates an asset value of 412 million for the new company, after deducting from the assets over 35.7 million dollars which is the figure that Pacific Oil carries its interest in Associated Oil and Associated Pipe Line. The latter two companies will be divorced from the new company in order to comply with laws of the State of California prohibiting the merger of pipe line companies.

In 1924, net profits of the two companies effected by the merger totalled over 35 million dollars after depreciation, taxes and all other charges. It is calculated on the basis of the first nine months' earning statements of Pacific Oil and estimated earnings of Standard Oil of California that the new company would have shown a consolidated earnings statement running close to 50 million dollars from operations during the past year.

The basis of the merger is a straight exchange of stock, share for share, in the new company for each share held of either Standard Oil of California or Pacific Oil. From this exchange, the new company will have approximately 13 million shares outstanding. Provision is made in the merger for the disposition of Pacific Oil's holdings of Associated Oil and its one-third interest in Associated Pipe Line. A distribution will be made to Pacific Oil stockholders prior to the merger either in the form of a cash or stock dividend—possibly an arrangement whereby the present holders of Pacific Oil stock will have the option of receiving cash or to take down their pro rata interest of Associated Oil stock in kind. In whatever form this distribution is finally made, the indicated value on the basis of current quotations of Associated Oil is approximately $16 a share on the 3,500,000 outstanding shares of Pacific Oil.

The Standard Oil-Pacific Oil merger is thought to presage other consolidations among the large producing companies in California and introduce a stronger element of control and stability in these fields—the absence of which during the past three years has been one of the sore spots of the petroleum industry. Consolidations of this nature have been projected before but never materialized because of public (and heretofore government) disapproval to centralization in the oil industry. The Government now has rather definitely committed itself on the side of anything to promote harmony between competing oil companies in the interests of conservation of petroleum.

Future economies in operation to result from this consolidation are not within the bounds of specific calculation at this stage in the merger plans. However, in a general way, it is a fact not to be overlooked by present or prospective shareholders in the two companies concerned that many operating advantages and savings will be effected. Pacific Oil holdings adjoin the Standard Oil leases in a number of the fields and the offset drilling that has char-

(*Please turn to page* 588)

How the New S. O. of California Lines Up

Assets	Standard of California	Pacific Oil	New Co.
Property, Equipment and Leases	$211,640,353	$27,477,004	$239,117,357
Securities and Investment in Subsid.	29,506,225	51,904,748	45,701,415*
Cash	18,081,814	10,276,768	28,358,582
Inventories, including Oil in Storage	71,193,533	1,019,392	72,212,925
Other Current Assets	22,382,946	4,707,869	27,090,815
Total	352,804,871	95,385,781	412,481,094
Liabilities			
Bonds	22,500,000	....	22,500,00
Accounts and Bills Payable	9,074,480	5,181,127	14,255,607
Deferred Liabilities	2,424,422	892,615	3,317,037
Reserves for Dep., Taxes and Insurance	10,210,855	23,712,040	33,922,895
Stocks	235,228,447 (9,409,137 shares)	52,500,000 (3,500,000 shares)	Capital & Surplus $338,485,555
Profit and Loss Surplus	73,366,667	13,099,999	Represented by 12,909,137 shares
Total	352,804,871	95,385,781	412,481,094

*Less $32,209,558 for Associated Oil interest and $3,500,000 for Associated Pipe Line stocks.

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—103,292 were replied to in 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

PERE MARQUETTE

I bought 20 shares of Pere Marquette at 53 last year. Would you advise me to take my profit and put it in some other railroad stock that has not yet registered any important advance, or do you believe I will do just as well to retain the Marquette stock?—L. M. J., Chicago, Ill.

Pere Marquette figures prominently in the Van Sweringen combine and, under the terms of exchange, the common will be entitled to 85% in common stock of the new company. While at first sight it would appear that the speculative possibilities of Pere Marquette are limited, the recent advance in the market valuation of Nickel Plate shares gives rise to some optimism. Obviously, anything further along these lines must be reflected in advancing quotations for the stock you are now holding. In effect, you are speculating on the future price course of Nickel Plate shares, and therein lies an interesting situation. The new company appears destined to take its place among the major roads of the country. Independently, its proposed component parts are prospering. With the benefits to accrue from consolidation, notably economies in operation, the combine might be expected to give a good account of itself. Pere Marquette stockholders will benefit as partners. Indicated earnings and prospects of the greater Nickel Plate are of a substantial nature which influences us to view its future along constructive lines. We believe it would be advisable to maintain your present position a while longer.

BURNS BROTHERS

I have some Burns Brothers stock, the 8 per cent A and the common B shares. The first cost me $122 and the other $20 a share. I seldom see anything in the papers about these stocks. What do you think of my investment?—R. S. L., Syracuse, N. Y.

We view the Burns Brothers issues fully as much from the speculative as from the investment angle. The company is doing very well at the present time, due to its ability to procure satisfactory supplies and command a fair market price, but its earnings record has been very irregular and at various times in the past even the Class A dividend has not appeared to rest on a very firm foundation. If the past record of the company is to be accepted as a criterion one has not reasonable assurance that its present mild prosperity will be carried through to the indefinite future. A stock such as this carries with it a certain measure of risk. While due to existing industrial conditions these stocks are not devoid of speculative possibilities, frankly, we believe better opportunities lie elsewhere. A switch to Famous Players described elsewhere in these columns is suggested.

AMERICAN CAN CO.

When American Can declared its stock dividend my friends urged me to sell as the good news, they said, was out and stocks always go down then. But I held on. The advance since then, however, makes me consider taking the good profit I have. I hold only 20 shares, but they cost me only $89 a share less than three years ago. I will appreciate your advice as you advised me to hold this stock when it was $100 lower than now.—K. D., Nashville, Tenn.

We are very pleased to note your profitable venture in American Can. It is rarely indeed that one can boast of over 200 points profit in a single issue. However, the stock has now reached a level where calm deliberation is essential. American Can at 89 was an outstanding opportunity, but the same stock at prevailing quotations does not appear in a particularly attractive light. With due allowance made for present and prospective earnings, as well as the capital split-up, it will be readily seen that viewed from the intrinisic value standpoint the stock is selling high enough for the time being. We believe you would be justified in accepting your profits and suggest you select one of the sounder rails for the re-employment of your friends. Southern Railway appears in an attractive light. The road is prospering greatly and in view of the industrial rejuvenation of the South has a bright outlook ahead.

HAYES WHEEL

I paid $38 a share for Hayes Wheel about two years ago, and while I have reason to be satisfied with it from a business man's investment standpoint I have not felt that the stock has kept pace in its market movements with other stocks in the same industry and with less favorable prospects. Should I keep on holding this stock?—R. B. F., New York City.

An official earning statement of Hayes Wheel is not as yet available but basing an estimate on the showing of the company for ten months, it appears reasonably certain that something like $8 a share will be earned on the common as the result of 1925 operations. This compares with $3.16 in the preceding year. The substantial increase in earnings is due partly to the prosperous year enjoyed by the industry in general, and partly to a thorough reorganization of its plants.

(*Please turn to page 552*)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect

Studebaker Standard Six Duplex-Roadster

$1125

Freight and war tax extra

One-Profit Studebakers

Enable salesmen of the Long-Bell Lumber Company to travel for as little as *5 cents per mile*

THE Long-Bell Lumber Company of Kansas City is another of the many national concerns which have proved that it pays to supply salesmen with One-Profit Studebakers.

Ten Studebaker cars are being used by this company's representatives. Two have traveled over 27,000 miles, while the average mileage of the ten is 11,720 miles. Cost records covering gasoline, oil, tires, repairs, garage rent, cleaning, insurance, and license, show that the *average operating expense is as low as $.0542 per mile.*

More profitable in the long run

This is fresh proof that the 6-cylinder Studebaker car can be operated for practically the same cost as the ordinary 4-cylinder car which averages from 5½ to 6 cents per mile.

Experience proves further that the slightly higher first cost of Studebaker equipment is counter-balanced by superior performance and years' longer service resulting in much lower depreciation.

Thus, the One-Profit Studebaker is actually more profitable in the long run. In addition its much finer appearance creates prestige. And its greater power, greater comfort, and greater dependability enable the salesman to cover more territory and produce more business.

Entirely new-type open car

The Studebaker Standard Six Duplex-Roadster, illustrated above, has many practical advantages as a car for salesmen. Within its steel-framed top are concealed the famous Duplex roller side enclosures which banish curtain trouble and give protection from rain or storm in 30 seconds. It has 18 cubic feet of water-tight, dust and dirt-proof storage space under its rear deck for samples, advertising matter and personal baggage.

The engine, according to the rating of the Society of Automotive Engineers, is the most powerful in any roadster of its size and price.

Other conveniences include an 8-day clock, gasoline gauge on dash, automatic windshield cleaner, rear-vision mirror, stop light, spare tire lock and a coincidental lock to ignition and steering wheel.

A better car at a lower price

Like every Studebaker, this Standard Six Duplex-Roadster is Unit-Built on the One-Profit basis. All its vital parts are built in Studebaker plants. As a result Studebaker saves the profits of outside parts suppliers and is able to offer a finer quality car at a One-Profit price—a car that is Unit-Built to give scores of thousands of miles of excess transportation, greater riding comfort, lower upkeep, and, finally, higher resale value.

STUDEBAKER CARS COST LESS IN THE LONG RUN

Seventy-first Lesson

Pyramiding Practice vs. Theory

—Some Practical Points Which the Amateur Must Consider—

WE welcome further discussion by our subscribers on "pyramiding" or any other phase of the principles of stock market operation. This department has already indicated its popularity but we believe its usefulness could be increased if a larger percentage of its readers could be induced to contribute. The more interesting and suggestive communications will be printed together with our comment.

IN our last issue we published a contribution on the subject of pyramiding, setting forth a method employed by one of our subscribers. Contributions of this character are always welcome, for they offer an opportunity for discussion which may contain something of interest to our inexperienced traders.

The article to which we refer was especially valuable in this connection, because it pointed out the opportunity for profit under favorable conditions, at the same time, it does not call attention to the fact that the method is not entirely fool-proof, and that there are risks involved which a novice might easily overlook in his enthusiasm to try the system. The theory presented is sound as far as it goes, but we regret that the subscriber did not supplement his article with tabulations of the results of ten or a dozen actual operations wherein he made use of his plan. Such exhibits would have indicated the percentage of trades that resulted in loss, if any, and how much of the profit of the successful trades was cancelled by such loss.

The method proposed assumes that the trader is dealing in round lots of 100 shares. The same principles would apply to transactions in odd lots. The only difference would be that each lot would cost ⅛ to ¼ point more on account of the odd-lot broker's commission.

In the plan suggested, the "base" of the pyramid is three times the size of each additional lot. If the base were smaller, the total amount of margin required on the way up would be slightly less, but the price of the stock would have to advance a little higher before reaching the level where no more additional margin would be required. If the base were larger, somewhat more margin would be required on the way up, but the price of the stock would not have to advance so high in order to reach the level where no more margin would be required.

It seems to us that the ideal pyramid on a ten-point margin, as contemplated in the case under review, is one where the base is just ten times the amount of each additional lot. The margin for the original commitment is the only margin required because every point advance supplies the margin for the next lot purchased.

It is well to point out that under ordinary trading conditions a ten-point margin is not sufficient, and would probably not be agreeable to any conservative broker, unless a close stop-loss order were used. Therefore, the student should understand that one of the essential features of the plan which our subscriber suggests is the close stop which he uses on all of the commitments involved in the pyramid.

Let us investigate the probable effect of this close stop, not only on the original trade, or base of the pyramid, but also on the subsequent purchases. If we assume that the original purchase is so cleverly timed that the price of the stock never reacts a full point after the stock is bought, but advances steadily for three points or more, then the plan will show a profit. We do not believe this is a safe assumption to make, for the probability of being able to make the original purchase within one point of the bottom of the last reaction in a trading range just prior to a steady advance is low.

On the other hand, there is a high probability that the price will have one or more reactions of a point or more before the real advance gets under way. A one-point reaction means a stop-out, with a loss of $1 a share, plus commissions and tax.

Our reason for saying that the probability of avoiding a one-point reaction is low, is based on our belief that the average experienced trader makes his purchase after he believes he has observed confirmation of recovery of strength following the last reaction. The price level at which he reaches this decision may be several points above the bottom of the last reaction. It is seldom *at* the bottom, or even within a point of the bottom.

If the decision to buy is reached at a level several points above the low level of the reaction, the trader has no concern over one or more dips in the price subsequent to his purchase, for such dips may only indicate increasing technical strength, especially if the offerings which cause them are readily absorbed, and support is apparent within a few points of the top of a preliminary rally. The mere fact that the price dips one point is no indication of weakness, and, therefore, is no logical excuse

(*Please turn to page* 565)

Our Forecasts of Dividend Changes for the year will be published in two series. The first, covering railroad and public utility companies, will appear in the Feb. 13 issue. The second will cover the entire miscellaneous group and will appear in the Feb. 27 issue. No investor can afford to remain without these two issues of the Magazine.

Important Changes in Capitalization of Leading Companies

Actual Changes Reported Since Our Issue of Dec. 19

Dates of Stk. Divs. & Rights are dates of record: in previous issues they were dates of payment

1925

AMERICAN BANK NOTE CO.

Dec. 1—Reduced par value: of Com. Stk. from $50 to $10.
Increased: Auth. Com. Stk. from 200,000 shs. to 1,000,000 shs.
Dec. 14—Exchanged: 5 shs. new Com. for each sh. old....shs 494,955

AMERICAN BROWN BOVERI ELECTRIC CORP.

Dec. 10—Sold: privately Add. Ptcptg. Stk.............shs 100,000

AMERICAN CAR & FOUNDRY CO.

Dec. 24—Organized: a Subs., the AMERICAN CAR & FOUNDRY MOTORS CO., to take over control of the FAGEOL MOTORS CO. of Ohio, Mfrs. of motor buses and trucks; and the HALL-SCOTT MOTOR CO. of Oakland, Calif., Mfrs. of gasoline engines for motor trucks, motor boats and airplanes.

AMERICAN-LA FRANCE FIRE ENGINE CO., INC.

Dec. 21—Increased: Auth. 7% Cum. Pfd. Stk. from $4,000,000 to $5,000,000.
Increased: Auth. Com. Stk. from $3,950,000 to $5,000,000.
(New Stk. to provide for greater commercial truck and bus output at the new Bloomfield plant.)

AMERICAN WATER WORKS & ELECTRIC CO., INC.

Sept. 2—Auth. sale: for cash, of Add. Com. (proceeds for working capital)..$400,000
Between Sept. 2 and Dec. 15—Acquired: all Out. Stk. of ALTON WATER CO. (Ill.) and RUMSON IMPROVEMENT CO. (N. J.).

BROOKLYN UNION GAS CO. (THE)

Dec. 4—Arranged to offer: new deb. 5½s to employees, at par. $550,000
Dec. 12—Offered: to Cap. Stockholders right to subscribe, at par, to $22 of new cv. deb. 5½s, '36 for each sh. Cap. Stk. held..$11,250,000

BROWN SHOE CO.

Dec. 31—Exchanged: 3 shs. new no-par Com. for each sh. old $100-par Com...shs 252,000

CHILDS CO.

Nov. 28—Paid: to Com. Holders a Div. of 1% in Com. Stk.shs 3,304
Dec. 8—Sold: 5-yr. 5% Notes, '30.......................$2,000,000

CHRYSLER CORP.

Between June 6 and Sept. 30—Acquired: all property of THE AMERICAN MOTOR BODY CO., at Detroit, Mich..........$3,500,000
Dec. 18—Increased: Auth. Com. Stk. from 800,000 shs. to 3,200,000 shs.
Dec. 28—Exchanged: 4 shs. new Com. for each sh. old.shs 2,720,000

COMMERCIAL INVESTMENT TRUST CORP.

Dec. 26—Increased: Auth. 7% Cum. Pfd. Stk. from $6,000,000 to $12,500,000.
Created: new issue of 6½% Cum. 1st Pfd. Stk. ($15,000,000).
Increased: Auth. Com. Stk. from 350,000 shs. to 650,000 shs.
Dec. 30—Offered: to Com. Holders right to subscribe, at $60, to 1/5 sh. Add. Com. for each sh. held.........................shs 72,000

DAVISON CHEMICAL CO. (THE)

Dec. 22—Sold: 5-yr. deb. 6½s, '31......................$3,000,000

EQUITABLE TRUST CO. OF NEW YORK

Dec. 29—Increased: Auth. Cap. Stk. from $23,000,000 to $30,000,000.

FEDERAL LIGHT & TRACTION CO.

Dec. 15—Paid: to Com. Holders a Div. of 1% in Com. Stk..$59,006

FLEISCHMANN CO. (THE)

Dec. 17—Exchanged: 3 shs. new Com. for each sh. old..shs 4,500,000

FOUNDATION CO.

Nov. 11—Offered: to Cap. Stockholders right to subscribe, at $125, to 1/9 sh. Add. Cap. Stk. for each sh. held...............shs 10,000
Dec. 3—Offered: to Cap. Stockholders right to subscribe, at $28.50, to 1 sh. Class "A" Stk. of FOUNDATION Foreign Corp. for each sh. held..shs 100,000
(FOUNDATION Foreign Corp. is a new Subs. to be organized—with Auth. no-par Cap. of 160,000 shs. Class "A" and 160,000 shs. Class "B" Stk., both voting—to handle business in Europe, Africa and Asia—see our Issue of Nov. 7. All Class "B" is to be held by parent Co., and 20,000 shs. Add. Class "A" is to be issued for cash to Underwriters of above 100,000 shs. Class "A".)

GENERAL BAKING CORP.

Nov. 23—Purchased: THE SMITH GREAT WESTERN BAKING CORP., having 9 plants in Mo., Kan. and Okla.

GENERAL GAS & ELECTRIC CORP. (OF DEL.)

Dec. 15—Paid: to Class "A" Com. Holders a div. of 1½% in Class "A" Com. (or 37½c cash).............................shs 4,310

GENERAL MOTORS CORP.

Nov. 21—Acquired interest: in VAUXHALL MOTORS, LTD., of Luton, England.
Dec. 23—Increased: working Cap. of its Subs., GENERAL MOTORS ACCEPTANCE CORP. $5,625,000

GINTER CO. (THE)

Dec. 17—Paid: to Com. Holders a Div. of 33⅓% in Com. Stk. shs 50,000

Dec. 28—Increased: Auth. Com. Stk. from 200,000 shs. to 600,000 shs.
Created: new issue of 7% Cum. 1st Pfd Stk. ($5,000,000).
Dec. 31—Changed name: to "FIRST NATIONAL STORES, INC."
Exchanged: 0.115 sh. new 7% 1st Pfd. ($100 par) for each sh. old 8% Cum. Pfd. ($10 par)...................................$1,926,250
Issued: 150,000 shs. new Com. and $1,277,500 new 7% Pfd. for assets of JOHN T. CONNOR CO. with 589 retail grocery stores in New England.
Issued: 200,000 shs. new Com. and $1,288,000 new 7% Pfd. for assets of O'KEEFE'S, INC., with 640 retail grocery stores in New England.
Issued: 15,000 shs. new Com. to Executives for services contracts in connection with the consolidation. (Consolidation gives Co. total of about 1,640 New England Stores.)

GOODYEAR TIRE & RUBBER CO. (THE)

Dec. 10—Sold: 3-yr. 5% g. Notes, '28 (Proceeds for working Cap.) $15,000,000

HAVANA ELECTRIC RAILWAY, LIGHT & POWER CO.

Dec. 14—Plan of exchange: for HAVANA ELECTRIC UTILITIES CO. securities declared operative. (See our Issue of Oct. 10.)
Dec. 18—Control: of new HAVANA ELECTRIC UTILITIES CO. acquired by ELECTRIC BOND & SHARE CO. and its affiliated AMERICAN & FOREIGN POWER CO.

HOWE SOUND CO.

Nov. 14—Offered: to Cap. Stockholders right to subscribe, at $12, to ¼ sh. Add. Cap. Stk. for each sh. held..................shs 99,210

INDEPENDENT OIL & GAS CO.

Nov. 23—Acquired: 200-mi. pipe line and storage facilities of the INDIAHOMA REFINING CO. in the mid-continent Cushing field.
Dec. 30—Offered: to Cap. Stockholders right to subscribe, at par, to $6 par amount of new 5-yr. cv. 6½% g. Notes, '31, for each sh. held. $3,000,000

MACK TRUCKS, INC.

July 9—Organized: wholly owned Subs., "MACK TRUCKS ACCEPTANCE CORP.", with Auth. Cap. Stk. of $2,000,000 and paid-in surplus of $200,000, to finance truck sales.
Dec. 4—Increased: Auth. Com. Stk. from 500,000 shs. to 1,000,000 shs.
Dec. 9—Purchased: the $13,000,000 factory of the NILES-BEMENT-POND CO., of Plainfield, N. J.
Dec. 15—Paid: to Com. holders a Div. of 50% in Com. Stk. shs 203,838

MURRAY BODY CORP.

Owing to receivership, Stk. Div., announced in our Issue of Dec. 19, was not paid.

NATIONAL DAIRY PRODUCTS CORP.

Dec. 9—Arranged to acquire: all Cap. Stk. of THE FRANKLIN ICE CREAM CO. (Plants at Lincoln, Neb.; Kansas City, Mo.; and Tonganoxie, Kan.) in exchange for Com. Stk...........shs 22,000

NEW YORK CANNERS, INC.

Dec. 1—Increased: Auth. Com. Stk. from 200,000 shs. to 250,000 shs.
Created: new issue of 60,000 shs. no-par $6 Cum. cv. Pfd. Stk.
Sold: privately, at about $75, all Auth. $6 Cum. cv. Pfd. Stk. shs 60,000
Paid: to Com. Holders a Div. of 5% in Com. Stk........shs 6,180

NORTH AMERICAN CO. (THE)

Dec. 5—Paid: to Com. Holders a Div. of 2½% in Com. Stk.$923,630

OWENS BOTTLE CO. (THE)

Dec. 16—Paid: to Com. Holders a Div. of 5% in Com. Stk.$826,375

PACIFIC GAS & ELECTRIC CO.

Dec 18—Purchased: the SACRAMENTO GAS CO......$1,468,844

PACIFIC OIL CO.

Dec. 24—Arranged to consolidate: with the STANDARD OIL CO. OF CALIFORNIA. Its Subs., the ASSOCIATED OIL CO., is not to be included in the merger.

PHILLIPS PETROLEUM CO.

Nov. 25—Offered: to Cap. Stockholders right to subscribe, at $40, to ¼ sh. Add. Cap. Stk. for each sh. held................shs 481,416

POSTUM CEREAL CO., INC.

Dec. 23—Arranged to acquire: all Out. Stk. of the JELL-O CO., INC., in exchange for Com. Stk.......................shs 570,000
Dec. 28—Increased: Auth. Com. Stk. from 800,000 shs. to 1,375,000 shs.

REID ICE CREAM CORP.

Nov. 6—Increased: Auth. Com. Stk. from 150,000 shs. to 178,000 shs.
Offered: to Com. Holders right to subscribe, at $35, to 1/6 sh. Add. Com. Stk. for each sh. held...........................shs 25,000

REYNOLDS (R. J.) TOBACCO CO.

Dec. 31—Retired: at $120, all 7% Cum. Pfd. Stk........$20,000,000

UNITED CIGAR STORES CO. OF AMERICA

Between Sept. 2 and Dec. 14—Acquired: 31 real estate properties, sold 14; and opened 7 new stores.
Dec. 10—Paid: to Com. Holders a Div. of 1¼% in Com. Stk. $442,575

(Please turn to page 590)

Business Rests On Sound Foundation

Retail Trade Slightly Less Active—Production Maintained at High Level—Commodity Prices Stable

STEEL

Year Ends Strong

THE year 1925 ended auspiciously for the steel industry with a high rate of production maintained up to the last day of December, resulting in a new record of output at around 45.5 million tons. This exceeds even the war time peak of production by approximately a half million tons. As far as can be seen from present indications, a good rate of output will be maintained, at least for the first three months of the new year. Many mills are entirely sold out for this period. New business, especially from the railroads, is expected to continue in satisfactory volume.

During December, a number of new blast furnaces were put into operation. New stacks will be added to the list this month. In the Pittsburgh district, where activity is at the highest pitch, steel operations are at 90% of capacity. The Youngstown district is operating in excess of 85% of capacity and the steel mills in the vicinity of Chicago are running a close second to

(*Please turn to page* 571)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	*Last
Steel (1)	$38.00	$35.00	$35.00
Pig Iron (2)....	22.00	18.00	20.00
Copper (3)	0.15¼	0.13¼	0.14⅛
Petroleum (4) ..	3.80	3.00	3.65
Coal (5)	2.17	1.82	2.17
Cotton (6)	0.25⅝	0.19½	0.20⅝
Wheat (7)	2.31¾	1.50	2.10
Corn (8)	1.27	0.78	0.78
Hogs (9)	0.14¼	0.10⅛	0.11⅝
Steers (10)	0.14	0.14¾	0.10¾
Coffee (11)	0.23⅞	0.17	0.17⅝
Rubber. (12)	1.20½	0.35	0.93
Wool (13)	0.70	0.48	0.52
Tobacco (14) ...	0.24	0.22	0.22
Sugar (15)	0.04⅞	0.03¾	0.04¼
Sugar (16)	0.07	0.05⅛	0.05½
Paper (17)	0.09	0.03⅝	0.03¾

*Jan. 2.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—In spite of year-end lull, new business is being booked in greater volume than shipments. Outlook for first quarter of 1926 is good for both volume of output as well as profits.

METALS—Stronger undertone in copper market. Other non-ferrous metals firm. Comparatively light stocks of domestic consumers and heavier foreign buying should add strength to the metal market.

OIL—Production continues to decline in the face of a strong demand for crude and refined products. Higher crude prices in Mid-continent district looked for during the present month.

TEXTILES—Trade is light between seasons. Cotton goods, higher in sympathy with price rise of raw cotton, are moving more slowly to the consumer.

MOTORS—Dealers carrying fairly large stocks of new and used cars. This is natural consequence of record output last year and will possibly be corrected by renewed buying in the Spring.

RUBBER—Rubber market firm but quiet. "Anti-monopoly" agitation sponsored by Secretary Hoover and the automobile manufacturers has had comparatively small influence on market thus far.

RAILROADS—Freight traffic falls off after heavy shipments in early part of December, but is still running over 5% above the corresponding period of previous year.

PUBLIC UTILITIES—Several large utilities have rate inincreases pending which are being fought with more than ordinary bitterness by consumers. Existing rates are generally providing good returns.

LEATHER—Hides are firmer. Shoe manufacturers are reporting better business, with retail sales stimulated by post-holiday sales.

SUGAR—Market for raw sugar and refined sugar is quiet with little price change pending Government estimates of the new Cuban crop to be announced shortly. Estimate will probably be between 4.5 and 4.8 million tons.

RETAIL TRADE—Department store sales during the holiday season were from 5 to 10 per cent higher than last year according to preliminary reports. Chain store business shows a correspondingly larger increase.

SUMMARY—Activity in both wholesale and retail lines, while above the average, is affected by seasonal influences. Production in manufacturing lines continues to go ahead on a good basis, however, and the outlook for business in general for the early part of the year is encouraging.

Income Tax Department

Conducted by

M. L. SEIDMAN

of Seidman & Seidman, Certified Public Accountants

THIS department, which will be conducted by Mr. M. L. Seidman, C. P. A., one of the best known tax experts in the country, will be published regularly until the March 13 issue. To further the scope of this department, Mr. Seidman will answer through our columns any questions bearing on the subject. Questions should be addressed to The Tax Editor, in care of this publication. All communications must be signed but names will not be disclosed in the published answers.

Note: This series of articles will cover the principles underlying income tax payment. Allowance must be made, however, for the possibility that the present session of Congress will enact a new Income Tax law. In this event, we shall publish a special article giving in detail the provisions of the new law, as enacted.

IN the last article, we learned that, generally speaking, all single individuals had to file an income tax return if their net incomes were $1,000 or more, and that all married individuals had to file a return if their net incomes were $2,500 or over. The reason for these requirements becomes more readily apparent in considering the question of exemptions allowed individuals. That question will therefore be discussed in the present article.

Single Persons

Under the law as it now stands, a single person is entitled to an exemption of $1,000. By that is meant that if his income is less than $1,000 he will have no tax to pay. If his income is over $1,000, on the other hand, he will ordinarily have a tax to pay. That is why all single persons having net incomes in excess of $1,000 must file a return.

Head of Family

There is one exception to the $1,000 exemption provision for single persons, and that is in the case of an individual who is the head of the family. Such a person is entitled to an exemption of $2,500.

The question naturally arises as to what is meant by the term "head of the family." The head of the family might be defined as a person who supports and maintains in his household one or more other individuals. Note that two factors must exist: a head of the family must support some other individual and the dependent must live in the same household with the person claiming the status of head of the family. An unmarried son who lives with his parents and supports them would be classed as the head of the family, and would be allowed the $2,500 exemption. If, however, he did not live with his parents, even though he supported them, he would not be the head of the family, and his personal exemption, aside from the question of dependents, would be $1,000.

Another point is noteworthy. We saw that a single person had to file a return if his net income was over $1,000 because his exemption was $1,000. It does not follow, however, that a head of a family need not file a return if his net income is less than $2,500, just because he is entitled to an exemption of $2,500. On the other hand, a single person who is the head of a family must file a return if his net income is over $1,000, even though his exemption is $2,500. It is true that if his net income were less than $2,500, he would have no tax to pay. A return is required of him, nevertheless.

Married Persons

Now let us consider married persons. A married person under the present law is entitled to an exemption of $2,500. That accounts for the requirements that married persons having net incomes of $2,500 or over must file a return.

There are several things to be noted in connection with the exemptions allowed married persons. In the first place, the husband and wife must be living together, in order to become entitled to the exemption. If they are separated, they are regarded as single persons for this purpose, and their exemptions are computed accordingly.

Furthermore, the $2,500 is allowed the husband and wife as a marital unit, and not to each of them. However, the exemption may be divided between them in whatever manner they see fit. The husband on his return might take the entire exemption and the wife take nothing on her return, or vice versa. Or the husband might take one-half, or one-quarter, or one-eighth of the $2,500, and the wife, the remainder. That is entirely up to them. Of course, if they file a joint return, the one exemption of $2,500 would be shown.

Suppose a person were married during the year. What then? Would he be permitted to take the full married man's exemption? The rule in this connection is very interesting, if not strictly logical. It is provided that if the status of an individual changes during the year, his exemption is to be computed on an apportionment basis.

For instance, if a person were married on June 30, 1925, his personal exemption would be arrived at as follows: having been single for one-half year, he would get half the single man's exemption, or $500, and being married for the other half of the year, he would be entitled to half the married man's exemption, or $1,250, making a total exemption of $1,750. If he were married on November 1, his exemption would be $1,250, computed as follows: having been single ten months of the year, his exemption for that period would be 10/12 of $1,000, or $833.33. Being married two months of the year, his exemption would be 2/12 of $2,500, or $416.67, making a total of $1,250.

The exemptions that we have thus far discussed are known as the personal exemptions. Every individual is entitled to them, and their amounts depend solely upon whether the individuals are single, married, or the head of a family. There is in addition what is known as a credit for dependents. That will be explained later.

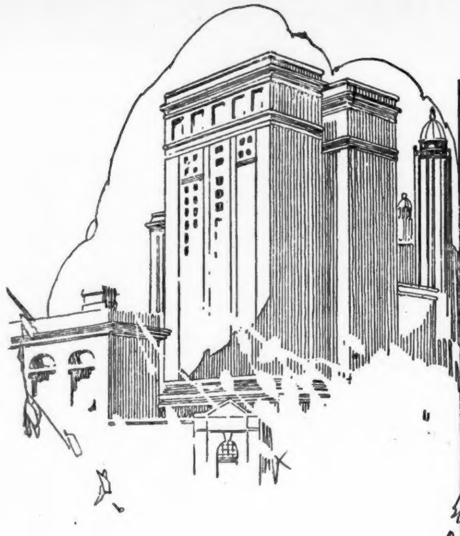
To round out the present discussion, let us consider taxpayers other than individuals.

Corporations and Estates

A corporation is entitled to a credit of $2,000, provided, however, that its income is $25,000 or less. If its income is more than $25,000, it is not entitled to any credit whatsoever. An estate or trust is regarded as a single person, and is allowed a flat credit of $1,000.

New Law Possibilities

One thing should be mentioned in passing. What has been here outlined is based on the law as it now stands. There is some talk about Congress changing the amounts of the exemptions. It is known that the House Ways and Means Committee in its report is going to recommend a $3,500 exemption for married persons. Whether this recommendation will ultimately be adopted, and in any event, whether any new law that might be passed would be made applicable to 1925 returns, cannot be said at this time. Matters must, therefore, be taken under the law as it exists at present. Should there be any changes, they will be called to the readers' attention through this column.



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New York Stock Exchange

RAILS

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	1-5-26	Share
Atchison	125⅝	90¼	111¼	70	140½	91¾	138⅜	7
Do. Pfd.	106¾	96	102⅛	75	98	72	95	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	255	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	94⅛	27⅝	93¼	5
Do. Pfd.	96	77¼	80	48¼	67¾	38⅛	67¾	4
Bklyn-Man. Transit	..	..	..	..	64	9¼	57½	4
Do. Pfd.	..	..	..	..	83¾	31⅜	81	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	146⅝	10
Chesapeake & Ohio	92	51⅛	71	35⅝	130½	46	125¾	4
Do. Pfd.	..	..	..	..	130	96	127	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	14	..
Do. Pfd.	181	130½	143	62½	76	7	22	..
Chic. & Northwestern	198½	123	136⅞	35	105	45⅞	78½	4
Chicago, R. I. & Pacific	..	..	45¾	16	58⅞	19⅛	56⅜	..
Do. 7% Pfd.	..	..	94¾	44	105	64	99	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	87½	6
Delaware & Hudson	200	147½	159½	87	160¾	83¼	156¾	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	144	‡6
Erie	61¼	33½	59½	18¾	39½	7	38⅜	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	44¾	..
Do. 2nd Pfd.	89⅛	19½	45⅝	13⅛	46¼	7⅛	42	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	76⅞	5
Hudson & Manhattan	..	..	..	..	38⅜	20⅝	35⅝	2½
Illinois Central	162⅛	102¾	115	85¾	125½	80⅞	123½	7
Interboro Rap. Transit	..	..	..	..	39¼	9½	30⅛	..
Kansas City Southern	50¼	21⅜	35⅛	13½	51	13	48¼	..
Do. Pfd.	75½	56	65½	40	63¼	40	62	4
Lehigh Valley	121¼	62½	87⅛	50⅜	88⅛	39⅛	84	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	142	6
Mo., Kansas & Texas	*51⅛	*17⅛	*24	*3⅛	45½	*¾	41¼	..
Do. Pfd.	*78¼	*46	*60	*6⅛	92½	*2	94¼	5
Missouri Pacific	*77½	*21⅛	38⅛	19⅞	41¾	8¼	39	..
Do. Pfd.	..	..	64⅞	37½	91½	22¼	87⅞	..
N. Y. Central	147¾	90⅜	114¼	62⅛	137½	64⅛	132¾	7
N. Y., Chi. & St. Louis	109¾	90	90⅜	55	183	23¾	179½	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	47	9⅝	44½	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	34¾	14¼	27⅞	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	151⅜	84¼	148½	‡7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47⅞	75½	5
Pennsylvania	75⅝	53	61½	40¼	55⅜	32¼	54⅜	3
Pere Marquette	*36⅛	*15	38⅛	9½	85½	12⅛	85½	4
Pittsburgh & W. Va.	..	..	40⅜	17¾	123	21⅛	116	..
Reading	89⅝	59	115½	60⅛	108	51⅞	87⅝	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	40	2
Do. 2nd Pfd.	58¾	42	52	33¾	65⅛	33⅛	†40½	2
St. Louis-San Fran.	*74	*13	50½	21	102¼	10¾	98¾	7
St. Louis Southwestern	40⅜	18½	32⅛	11	69¼	10⅞	69⅜	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	49⅛	..
Do. Pfd.	56½	23½	58	15⅛	51½	3	47	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	102⅝	6
Southern Railway	34	16	36¾	12⅛	120⅛	24¾	118⅜	7
Do. Pfd.	86⅞	43	85¼	42	95½	42	91¼	5
Texas & Pacific	40½	10¼	29½	6⅛	70½	14	58	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	149	10
Do. Pfd.	118½	79¾	86	69	80	61¼	†75	4
Wabash	*27⅞	*2	17½	7	47¼	6	43⅜	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	73⅞	17	74	5
Do. Pfd. B	..	..	32⅞	18	60½	12¼	†59	..
Western Maryland	*56	*40	23	9¼	18⅜	8	16⅛	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	†23¼	..
Western Pacific	..	..	25½	11	40	12	38½	..
Do. Pfd.	..	..	64	35	86½	51½	80	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	32	6	31	..
Do. Pfd.	..	..	50⅝	16⅝	53½	9¼	49½	..

INDUSTRIALS

Adams Express	270	90	154⅛	42	117¼	22	107⅛	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	10⅞	..
Allied Chem. & Dye	..	..	..	..	116⅝	34	112⅝	4
Do. Pfd.	..	..	..	..	121¼	83	†120	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	97¼	26½	91	6
Do. Pfd.	43	40	92	32⅛	109	67½	109⅞	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	27¾	..
Do. Pfd.	105	90	103½	89⅛	103	18¾	81	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	33⅛	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	32¼	..
Am. Can	47⅜	6⅞	68½	19¼	*297⅜	*21¾	289⅛	‡5
Do. Pfd.	129¼	98	114½	80	121⅞	72	†120½	7
Am. Car & Foundry	76½	36½	98	40	*201	97½	110½	6
Do. Pfd.	124¾	107½	119½	100	128	105¾	122	7
Am. Express	300	94¾	140½	77½	175	76	135	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	16⅜	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	64	..
Am. Ice	..	..	49	8⅞	139	37	134	8
Am. International	..	..	62¾	12	132¼	17	43¼	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	87	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	118	‡8
Do. Pfd.	122	75	109	93	124	96½	119	7
Am. Metal	..	..	..	..	57⅝	38¾	54⅜	4
Am. Radiator	*500	*200	*445	*235	*345	64	115	4
Am. Safety Razor	..	..	..	..	76¾	*3⅛	57¾	3
Am. Ship & Commerce	..	..	..	..	47⅛	4¾	6¾	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	144½	29¼	138	7
Do. Pfd.	116¾	98¼	118⅞	97	115¼	63⅛	†113	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	45⅞	3
Do. Pfd.	..	..	..	..	113⅛	78	†112⅛	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	143⅜	36	77⅛	5
Do. Pfd.	133½	110	123⅛	106	119	67⅛	102⅛	7
Am. Sumatra Tobacco	..	..	145¾	15	120½	6	11	..
Do. Pfd.	..	..	103	75	120⅛	22⅛	†88	..
Am. Tel. & Tel.	153⅜	101	134⅛	90⅝	145	92⅛	143	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	1-5-26	Share
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	115½	‡8
Do. Com. B.	..	..	..	..	*210	81¼	114⅛	‡8
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	72⅞	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	34¾	41¼	..
Do. Pfd.	107¾	74	102	72½	111⅞	69⅛	†87½	7
Anaconda Copper	54⅜	27½	105⅜	24¼	77⅞	28½	50⅛	3
Associated Dry Goods	..	..	28	10	*140½	46½	52½	2½
Do. 1st Pfd.	..	..	75	50½	102	49⅞	101½	6
Do. 2nd Pfd.	..	..	49½	35	108	38	107	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	45⅛	2
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	65¾	..
Do. Pfd.	32	10	74¾	9⅞	76½	6¾	54	..
Atlantic Refining	..	..	..	..	*1575	78½	108	..
Austin Nichols	..	..	..	..	40⅜	8	26½	..
Do. Pfd.	..	..	..	..	95	50⅝	92	7
Baldwin Locomotive	60¾	36½	154½	26⅝	156¼	62¼	133⅛	7
Do. Pfd.	107½	100¼	114	90	118	92	110⅝	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	48¼	..
Do. 7% Pfd.	80	47	186	68	108	87	100⅜	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	114¾	8
Brooklyn Edison Electric	134	123	131	87	156½	82	134½	8
Brooklyn Union Gas	164½	118	138¾	78	*128	41	77⅝	‡4
Burns Brothers	45	41	161½	50	147	76	132	10
Do. B	..	..	..	..	53	17	39½	2
Butte & Superior	..	..	105¼	12¼	37⅞	6½	15	2
California Packing	..	..	50	30	136½	48¼	129¼	6
California Petroleum	72½	16	42⅝	8	71⅞	15⅜	33⅛	2
Central Leather	51¾	16½	123	25⅞	116½	9⅝	20⅛	..
Do. Pfd.	111	80	117½	94⅞	114	28½	67½	..
Cerro de Pasco Copper	..	..	55	25	67½	23	62¼	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	47¼	3
Chile Copper	..	..	39¼	11¼	38⅜	7	36	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	14¾	19⅝	..
Chrysler Corp.	..	..	..	..	*253	*108¼	213½	..
Do. Pfd.	..	..	..	..	111⅞	100⅛	107	8
Coca Cola	..	..	..	..	177¾	18	153	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	36¾	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	84⅜	2.60
Congoleum-Nairn	..	..	..	..	*184⅜	15⅞	17⅜	2
Consolidated Cigar	..	..	..	..	80	11⅜	62¾	..
Consolidated Gas	*165¼	*114⅛	*150⅛	*112½	*145¾	56¾	94½	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	89⅞	4
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	40⅞	2
Do. Pfd.	98½	61	113⅛	58⅛	127	96	†122	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	80¼	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	9½	..
Do. Pfd.	..	..	100½	77¼	87	13⅛	44⅜	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	25	2
Cuyamel Fruit	..	..	..	..	74½	44	46	4
Davison Chemical	..	..	..	..	81¼	20⅜	41¾	..
Dupont de Nemours	..	..	..	..	271¼	105	234	‡8
Eastman Kodak	*No Sales		*605	*605	*690	70	111	‡5
Electric Storage Battery	*64¼	*42	*78	*42⅛	*153	37	73½	5
Endicott-Johnson	..	..	..	..	150	44	69½	5
Do. Pfd.	..	..	..	..	119	84	†113	7
Famous Players-Lasky	..	..	..	..	123	40	106¾	8
Do. Pfd.	..	..	..	..	120	66	†116	8
Fisher Body	..	..	43	25	*240	60¼	102⅜	5
Fisk Rubber	..	..	..	..	55	5½	24¾	..
Do. 1st Pfd.	..	..	..	..	116½	38⅛	114½	7
Fleischmann Co.	..	..	..	..	*171½	*75	55¾	..
Foundation Co.	..	..	..	..	183¾	58½	156	8
Freeport-Texas	..	..	70½	25¾	64⅜	7½	21	..
General Asphalt	42⅞	15½	39⅜	14¼	160	23	67⅝	..
General Cigar	..	..	..	..	115¼	47	115	8
General Electric	188½	129¾	187¼	118	337¼	109½	325½	8
General Motors	*51¾	*25	*850	*74½	149¾	*8⅛	123¾	‡6
Do. 7% Pfd.	..	..	..	..	115	95⅛	114¾	7
General Petroleum	..	..	..	..	59⅛	38⅜	57	3
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	64	4
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62½	97	7
Goodyear T. & R. Pfd.	..	..	..	..	114⅝	35	104	7
Do. prior Pfd.	..	..	..	..	109	88	106	8
Granby Consolidated	78¼	26	120	58	80	12	21⅜	..
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	24⅞	25⅞	1¾
Gulf States Steel	..	..	137	58¾	104⅝	25	†92¼	5
Hayes Wheel	..	..	..	..	52⅞	30	45¼	‡3
Houston Oil	25½	8¼	86	10	116½	40½	70⅛	..
Hudson Motor Car	..	..	..	..	139½	19½	118⅛	3
Hupp Motor Car	..	..	11¾	2½	31	4⅝	27⅛	1
Inland Steel	..	..	..	..	50	31⅛	43	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	25¼	2
Inter. Business Mach.	..	..	52⅝	24	176¼	28¾	143	8
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	63	2
Inter. Harvester	..	..	121	104	149⅝	66¾	131⅝	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	11¼	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	41⅝	..
Inter. Nickel	*227¼	*135	57½	24½	48½	24¼	45⅛	2
Inter. Paper	19¾	6⅛	75½	9½	91¾	27⅞	61½	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9¾	18½	..
Do. 8% Pfd.	..	..	101	72	110	33	72	..
Kennecott Copper	..	..	64¼	25	59¼	14⅝	57¼	4
Kinney (G. R.) Co.	..	..	..	..	103	35½	†82	4
Lima Locomotive	..	..	..	..	74⅞	52	69⅛	4
Loew's, Inc.	..	..	..	..	44¾	10	39	2
Loft, Inc.	..	..	..	..	28	5½	7½	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	30¼	87¾	3
Mack Trucks	..	..	..	..	242	25½	154½	6
Magma Copper	..	..	..	..	46	26⅛	43½	3
Mallinson & Co.	..	..	..	..	45	8	27⅛	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	27	..
Marland Oil	..	..	..	..	60½	12⅛	58	4

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	1-5-26	Share
May Department Stores	*88	*65	*97⅛	*35	*174¾	*60	134¼	5
Mexican Seaboard Oil	..	..	..	..	34½	5¾	11⅛	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	12⅜	1
Montgomery Ward	..	..	..	..	82½	12	79⅛	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75½	‡3
National Dairy Prod.	..	..	..	..	81⅞	30⅛	78¼	3
National Enam. & Stamp	30¼	9	54⅛	9	89½	18⅛	89	..
National Lead	91	42½	74⅝	44	174¾	63½	174	8
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	37⅛	2
Do. Class A	..	..	..	..	57½	45⅛	56	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	37	..
North American	*87⅞	*60	*81	*38⅞	*119⅛	17½	64	§10%
Do. Pfd.	..	..	..	..	50½	31⅞	49⅞	3
Pacific Oil	..	..	..	..	78½	27⅛	75	3
Packard Motor Car	..	..	..	..	48½	9⅞	42¼	2
Pan.-Am. Pet. & Trans	..	..	70⅝	35	140¼	38⅛	75	6
Do. Class B	..	..	..	..	111¾	34⅛	75¾	6
Philadelphia Co.	59¼	37	48⅞	21⅛	68¾	26½	68⅜	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	44⅜	..
Phillips Petroleum	..	..	..	..	69⅝	16	45⅜	3
Pierce-Arrow	..	..	65	25	99	6⅛	36¼	..
Do. Pfd.	..	..	109	88	111	13⅛	95	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	37¼	42	..
Postum Cereal	..	..	..	..	*134	*47	109⅝	4.40
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	76	..
Do. Pfd.	112	88½	109⅛	69	106	67	93½	7
Pub. Serv. N. J.	..	..	..	..	87⅞	39	80	5
Pullman Company	200	149	177	106½	173½	87¾	167¼	8
Punta Alegre Sugar	..	..	51	29	120	24¾	41¾	..
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	30⅜	1½
Radio. Corp. of Am.	..	..	..	..	77⅞	25⅞	42⅜	..
Railway Steel Spring	54½	22¼	78½	19	182	67	174	8
Do. Pfd.	113⅜	90¼	105½	75	122	92½	118½	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	12¼	..
Replogle Steel	..	..	..	..	93½	7¼	15⅛	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	60½	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	94	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	56½	1.73½
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	94¾	..
Schulte Retail Stores	..	..	..	..	134⅞	88	132⅜	§8
Sears, Roebuck & Co	124¾	101	233	120	243	54¼	238	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	†48	2.16
Shell Union Oil	..	..	..	..	28⅜	12⅛	27⅞	1.40
Simmons Company	..	..	..	..	54⅝	22	54⅛	2
Simms Petroleum	..	..	..	..	28½	6⅛	26⅜	1
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	23	..
Skelly Oil	..	..	..	..	35	8⅜	31¼	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	143½	82½	134	6
Standard Oil of Calif.	..	..	..	..	*135	47⅛	61¼	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	45¼	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	117	7
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	89⅝	‡5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	76¼	6
Studebaker Company	49⅛	15¾	195	20	*151	30½	58¾	‡5
Do. Pfd.	98⅛	64½	119½	70	125	76	†120	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	14¼	1
Texas Co.	144	74½	243	112	57¾	29	53⅜	3
Texas Gulf Sulphur	..	..	..	..	121⅞	82⅝	122¾	‡8
Tex. & Pac. Coal & Oil	..	..	..	..	195	5½	18¼	..
Tide Water Oil	..	..	225	165	*275	30¼	35	1
Timken Roller Bearing	..	..	..	..	59⅜	28½	55	‡3
Tobacco Products	145	100	82⅜	25	115	45	99¾	6
Do. Class A	..	..	..	..	110⅜	76½	108¾	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	4½	..
Union Oil of Calif.	..	..	..	..	43⅜	33	40	1.80
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	96½	§3¼
United Drug	..	..	90⅞	64	175⅛	46¼	159¼	7
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	†55¾	3½
United Fruit	208½	126½	175	105	246	95¾	240	10
United Ry. Investment	49	16	27½	4¼	41	6	†22½	..
Do. Pfd.	77	30	49¼	10½	83¼	14	80	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	250	10⅛	207	..
Do. Pfd.	84	40	67⅛	30	113	38	100⅝	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	73⅝	..
U. S. Realty & Imp.	87	49¾	63¾	8	*184½	17¼	68⅛	..
U. S. Rubber	59½	27	80½	44	143¾	22½	81⅛	..
Do. 1st Pfd.	123½	98	115¼	91	119½	66½	107¾	8
U. S. Smelt., Ref. & Min.	59	30⅝	81½	20	78¼	18⅜	49⅝	3½
U. S. Steel	94⅞	41¼	136⅝	38	139¼	70¼	136¼	‡5
Do. Pfd.	131	102½	123	102	126⅝	104	125⅞	7
Utah Copper	67⅛	38	130	48½	111	41⅛	†98	5
Vanadium Corp.	..	..	..	..	97	19⅛	31½	2
Western Union	86¼	56	105½	53⅜	144⅞	76	136	8
Westinghouse Air Brake	141	132½	143	95	144	76	124	6
Westinghouse E. & M.	45	24¾	74⅞	32	84	38⅞	73¾	4
White Eagle Oil	..	..	..	..	34	20	27¾	2
White Motors	..	..	60	30	104⅛	29¼	84	4
Willys-Overland	*75	*50	*325	15	40¼	4½	31⅝	..
Do. Pfd.	..	..	100	69	123⅞	23	93½	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	†4½	..
Woolworth (F. W.) Co.	*177⅞	*76⅛	*151	*81½	*345	72½	216	3
Worthington Pump	..	..	69	23½	117	19⅞	43	..
Do. Pfd. A	..	..	100	85⅞	98½	65	78	7
Do. Pfd. B	..	..	78⅜	50	81	53½	60	6
Youngstown Sh. & Tube	..	..	..	..	92½	59¾	86¼	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

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ANSWERS TO INQUIRIES

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Finances are in good shape, the latest balance sheet showing working capital of approximately 4.8 million dollars, of which about 50% is cash. The retirement of the remaining balance of $570,100 of bonds in January of this year presages like action in regard to the preferred stock outstanding. In view of the satisfactory situation existing we are inclined to believe it would be well to hold your stock.

ELECTRIC STORAGE BATTERY

What is your advice on Electric Storage Battery stock? I am now holding since 1921 when I bought the old stock, so that I have 100 shares now instead of 25, and the stock I now hold stands me an original cost of about $30 a share.—L. C. K., Philadelphia, Pa.

As a business man's investment, Electric Storage Battery at current levels yields over 6.5%. This is on the basis of the regular $5 rate and with no consideration given the extra payments from time to time. The company has a long and interesting dividend record, consistently maintaining a liberal attitude toward shareholders as earnings have warranted. In view of the present excellent showing, this augurs very well for the future. Indications are that in 1925 it bettered the returns of 1924, when $8.09 was earned on the stock. Operations are holding up remarkably well, both in the automotive and the industrial departments. In view of this satisfactory state of affairs we see no reason to advocate the sale of your holdings.

CUBA CANE SUGAR

I have owned 100 shares of Cuba Cane Sugar common for several years. They were bought at $9.75 per share, costing me practically $1,000, and this has been increased by the interest on the investment. Would you advise me to continue holding the stock? The company's big sugar output it seems to me should help it to make money on a small margin of profit, but it appears to lag behind the other big companies.—G. Q. B., Savannah, Ga.

It is deeply to be regretted that you persevered in holding Cuba Cane Sugar shares through the severe and sustained decline in their market valuation. The company did fairly well in 1924, but with the advent of the worst sugar depression in years its profits contracted, with the result that it is doubtful if it earned more than $2 a share on the preferred in 1925. If the outlook for the future was for rising sugar prices, our advice would be to exercise some further patience. Unfortunately, there is little ground for optimism. Indications are clearly for low raw sugar prices for some time to come. Unless you are willing to hold this stock over a period of time and are content to forego return on the funds employed we would advise switching to an issue with clearer defined pros-

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pects. Armour & Company of Illinois, Class A is suggested. The latter company is doing very well from an earnings standpoint and in view of the improved outlook for the packing industry in general has good prospects for the future.

FAMOUS PLAYERS

Famous Players stock, 50 shares, has been held by me for several years. It only cost me $57 a share, and, as the saying is, I am "sitting pretty." But the stock has fluctuated so much recently without really getting anywhere that I have worried over the possibility that the trend may set in the other way. What can you tell me?—G. B. R., New Orleans, La.

One of the outstanding mysteries of Wall Street is the spectacle of Famous Players, consistently showing earnings of a superior character, yet remaining practically stationary in the market while its less intrinsically sound fellows are subject to erratic gyrations. Certainly, a sound financial condition and average earnings of $18 a share over a four-year period are worthy of especial note and entitle this stock to sell at materially higher levels than those now prevailing. The market action of the stock to date has been disappointing, but it is a Wall Street axiom that sooner or later an issue will find its proper place in the market. This, in our opinion, augurs well for the future of Famous Players. We believe that if you employ patience and ignore temporary market fluctuations the results achieved will justify retaining.

THE TOBACCO PRODUCTS CORPORATION

About six months ago I bought 25 shares of Tobacco Products at 74. The stock is on margin and not in my name. My broker has suggested several times that I sell the stock, but I have felt that it was well worth holding. Would you advise me to take up the stock, have it put in my name and hold it for good?—A. F. W., Los Angeles, Calif.

We were very favorably disposed towards Tobacco Products shares at levels materially below those now prevailing, but are rather inclined to believe that the substantial advance marketwise has discounted much that is favorable in the situation. Tobacco Products did very well in 1925, as did most tobacco companies, but its peak of prosperity appears to have been reached and little further of a constructive nature presents itself. All that remains is the possibility of some increment accruing through its heavy stockholdings in United Cigar Stores, but everything that might reasonably be expected in this direction appears fully digested, and therefore we believe the time has come to accept your substantial profit. A switch to American Sugar is suggested. This company has taken on a new lease of life and now appears in a fair way toward regaining its former prestige. The shares might be said to be rather attractive around current levels.

UNITED STATES SMELTING, REFINING & MINING CO.

I paid $24 a share for my stock in the United States Smelting, Refining & Mining Company in 1923. The increase in the dividend brings the yield on my investment to 15 per cent and besides I have a good market profit. Would you sell the stock now, on the theory that the stock has done as well as could be expected?—W. J. G.; Boston, Mass.

United States Smelting, Refining & Mining is one of the largest producers of silver in this country, although its activities are by no means limited to the production of this metal. It is active in practically all branches of mining endeavor. In the past its operations have been rather hampered by low metal prices and political upheavals in Mexico, but in the late year its affairs took a decided turn for the better with the result that it was able to show $5.57 earned on the common in ten months, against $4.13 in the same period of the preceding year. The common dividend was recently raised fifty cents to a $3.50 annual rate, but even this larger figure is covered by a comfortable margin. With the improvement in the metal industry in prospect the company might be expected to make a very good showing in the future. We do not feel that the entire possibilities of the issue have been exhausted.

FLEISCHMAN & COMPANY

About a year and a half ago I bought 50 shares of Fleischman & Company at 68. May I ask you to give me your best opinion regarding the stock? If you think it advisable to dispose of it I will do so, but if it is likely that the stock is going to continue to advance I would prefer to hold on until it reaches the top.—S. H., Cincinnati, O.

Fleischman shares may possibly seek higher levels, but an examination of fundamentals underlying the issue does not reveal anything of a particularly attractive nature. The company has expanded remarkably in recent years, both in scope of operations and earning power, but the progress of the company has been reflected in the market movements of the stock, and today it appears by no means undervalued. You have a substantial profit on your holdings and good business policy would dictate you accept the same. In our opinion, Marland Oil would constitute an admirable medium for the re-employment of your funds. The finances of this company are in excellent shape, and estimated earnings of $9 a share for 1925 warrant expectation of an early advance in the market valuation of the shares.

PITTSBURGH COAL COMPANY

Please suggest what is the best course for me to take with my stock in the Pittsburgh Coal Company. I bought my stock nearly three years ago at $65 and it hasn't been back there since. I have lots of patience, but it is beginning to wear out.—L. J. B., Brookline, Mass.

Stockholders of Pittsburgh Coal certainly have had need of an abundance of patience. This stock, rich in asset value, has been sluggish over a long period of time. Under favorable conditions, and with the benefit of fair coal prices, Pittsburgh Coal can be depended upon to make an excellent showing, but a series of adverse circum-

stances have hampered its operations in recent years, with the result that its performances have been mediocre in the extreme. The present mine trouble complicates the situation. Of course, the production of coal is a basic industry, and it is possible that in the course of time conditions will readjust themselves, but it is likewise evident that considerable patience will be necessary before the desired results are achieved. We see little advantage in retaining the stock. A switch to California Petroleum would increase the security of your funds and render them immediately productive.

Eureka Vacuum Cleaner Earnings Good In Final Quarter

Estimates of a semi-official nature set the probable earnings of Eureka Vacuum Cleaner for the full year 1925 at $6.74 a share on the 250,000 shares of no par value stock outstanding. This compares with actual earnings of $6.40 per share in 1924 and $6.03 in 1923.

For the first ten months of 1925, net earnings amounted to $1,012,946 or $4.05 a share. The seasonal tendency, inherent in the company's business, accounts for the large indicated increase in earnings for the last quarter. Last year approximately half of the full year's profits were earned in the final three months.

The Eureka Vacuum Cleaner is a nationally advertised product which is sold by 3,700 retail dealers and a number of the large electric light and power companies in addition to the company's own efficiently organized sales staff which comprises over three thousand men. With more than 13.5 million homes in the United States wired for electricity, only about 5.5 million electric vacuum cleaners suitable for home use are now in use, the difference between these two figures indicating a wide potential market for future expansion of sales. Even at the present rate of sales—calculated at approximately a million vacuum cleaners a year—the rate of increase in the number of houses wired for electricity is considerably greater.

In view of several minor inaccuracies in a previous analysis of Eureka Vacuum Cleaner, the above facts are published by way of correction and to bring some additional facts to the attention of our readers.—Editor's Note.

NEW YORK, NEW HAVEN & HARTFORD R.R.

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men's strike of 1922, and this aided by more rapid movement has materially reduced the hire of equipment item. Further improvement in equipment condition and in the efficiency of handling traffic may be confidently anticipated.

During the past year also the investment value of New Haven's holdings in outside railroads has improved. New York, Ontario & Western stock doubled in value and while currently handicapped by the anthracite strike, it is reported that New Haven not long ago refused an offer for its stock in excess of the cost price ($46 per share). Boston & Maine has been undergoing the same kind of recrudescence as New Haven, the common stock advancing from $15 to $50. The outlook for the latter is, moreover, particularly bright.

Finally in November the Federal Court modified the 1914 dissolution decree so that New Haven may retain its chief traction investments. The necessity of taking a forced sale loss on these properties is thus removed and it is indeed possible that through coordination with and development by the railroad, the book value of these investments may be restored, particularly as the Westchester investment has been written down 40%.

One thing New Haven has never lacked. That is asset values and the fact, always appreciated, was strikingly brought out when in 1922 the Interstate Commerce Commission served its tentative valuation of the property devoted to transportation as of June 30, 1915. This figure of 260 millions on the New Haven proper exceeded the road's property investment account of 195 millions by 65 millions.

Including leased lines, the excess of valuation over book figures was $97,000,000. It is therefore apparent that from the standpoint of true assets New Haven, after allowing for the $25,000,000 write up of assets in 1921 and removal of the present capital deficit, $16,000,000 Sept. 30, 1925, could absorb a further large loss on its outside investments, and still show a net worth of $100 a share for the stock.

As a matter of fact New Haven claims a true value of its transportation properties 100 millions in excess of the figure arrived at by the I. C. C. Using the latter figure, however, it means that the New Haven is entitled to net operating income about $4,500,000 in excess of that being earned this year. From the standpoint of the road's credit this would mean fixed charges earned 1½ instead of 1 1/3 times. It is perfectly proper, however, in the light of the recent Los Angeles and Salt Lake R. R. valuation decision to keep in mind New Haven's claimed valuation as an ultimate possibility. This would add some $60 a share to the

recognized value of the stock and the road would be entitled, at least, to some $7,500,000 additional of operating income. Moreover, there is excellent prospect that Congress will in the present session reduce the rate of interest on Government Loans to the railroads. It has been proposed that the present rate of 6% be cut down to 4½%, and on the New Haven's $91,230,000 indebtedness to the Government this would involve a saving of $1,368,000.

All of these considerations have, of course, to do with possibilities. Regarding New Haven as it actually stands today, its credit is undeniably poor and in no position to withstand another lean period. The condition of the road and equipment is fairly good, but in spite of the heavy maintenance expenditures of the last few years, a considerable program of capital improvements will be required to bring the property up to the desired state of efficiency. This may prove under the circumstances expensive to finance. Fortunately the only maturities of any size falling due within the next fifteen years are the obligations to the Government, over $60,000,000 maturing in 1930 and all by 1935. These should prove less of an embarrassment, however, than other obligations.

Present cash position is the best in many years. On the other hand, little addition to income from outside investments can be anticipated in the near future. There is still a capital deficit on the books, and although this is more or less nominal, it probably will not be removed until the I. C. C's. valuation becomes final, or as the result of further net income, a matter of another two years. For at least this length of time dividends cannot be even remotely considered.

On the whole and relative to other investment opportunities, it is felt that New Haven bonds are well aligned to the present status of the company and that the stock, now selling on a 10% basis to earnings, does not offer an overly attractive opportunity to quick appreciation. This is particularly true until a better outlook on the character of the present winter has been secured. A bad winter from the weather standpoint can cut into New Haven's earnings to the extent of several millions of dollars.

As a long term investment, however, New Haven is to be differently regarded. There would seem little doubt that prices and costs over the next period of years will at least not rise, if they do not actually decline. Without any rate readjustments, this will tend to create a rapid increment to New Haven's earnings, in the same way that rising costs rapidly reduced them.

Moreover, investors who are willing to place confidence in such intangible factors as good will, New England's determination to effect a further industrial recrudescence, and the court's protection of private property rights, New Haven offers a particularly attractive vehicle for long term speculation. These "intangibles" embrace after all, some very fundamental considerations.

PHILADELPHIA COMPANY CONTINUES CONSERVATIVE GROWTH

(*Continued from page* 519)

per share, allowing $4 to surplus.

A remarkable evidence of the company's sound position, apart from increasing earnings, is shown in the excess of current assets over current liabilities of the holding company alone of over 20½ millions, a ratio of five to one. For a public utility system this is tremendously high, especially when it is remembered that furthermore each of the subsidiary companies has a large working capital, and a good assets position generally. It is clear that Philadelphia Co. has never stripped any of its subsidiaries to make a wonderful showing for the holding company, but has instead consistently built up each company internally, giving to each ample working capital and ample excess of net assets over net liabilities. It has only accepted dividends from its subsidiaries when they were perfectly capable of paying same, and at the same time building up their surplus.

What Attraction Has the Common Stock for the Investor?

At prevailing prices of about 66, Philadelphia Co. is selling at about 11 times the net earnings per share of common stock. An average of twenty other important public utility systems indicates that they are selling at 18 times their net earnings per share. None is selling on a basis lower than that of the Philadelphia Co. In most cases, however, the net earnings per share of the other systems are the net consolidated earnings. Philadelphia Co. disregards the consolidated earnings (which exceed the net earnings of the holding company alone by more than 50%) and states the net earnings based only on the receipt of cash income from the subsidiaries. In other words, its earnings are true earnings in the sense that it has actually received the money. In most public utility systems, all apparent earnings of subsidiaries, whether realized in cash or not, are considered as earnings. By this comparison, Philadelphia Co. is one of the cheapest public utility stocks of importance now available to the public.

While assets per share of common stock are about $72 per share or in excess of present quotation, it must not be forgotten that book value and true value of Philadelphia Co. assets are two different things. The Equitable Gas valuations throw much light on this situation. Obviously, the company is quietly substituting a finer and finer equipment, and at the same time pursuing a generous depreciation policy. Hence, it follows that the assets position of Philadelphia Co. is well above what it is thought to be. When the time comes for distribution of part of

surplus, of which such undervalued assets form part, stockholders may be agreeably surprised.

Philadelphia Co. common has steadily advanced in price, not so much because of stock market movements generally, but on account of a steady increase of assets and true gains in earnings. It should be bought simply as a solid stock investment showing steady growth.

A CAMPAIGN OF EXTORTION AGAINST THE U. S.

(*Continued from page* 501)

tions, the world is paying for all its rubber just what the British are pleased to call the price.

At first it was represented that the only purpose of the laws was to stabilize the price of raw rubber around 30 cents. A stiff price at that, but American manufacturers of rubber, appreciating the hard times the planters had been through and being desirous of encouraging an increasing output of rubber, rather approved of the innovation. Indeed, it is openly asserted in Washington that there were governmental pledges that the price would be kept around thirty cents. It has gone as high $1.10 in New York, which means close to a dollar for the producers—with production cost standing at eleven cents.

At each bulge in the price, the 15,000,000 American tire buyers have howled with pain, and the manufacturers have roared with indignation. They have stormed the Departments of Commerce and State and the Capitol at Washington. Up against foreign government in business, they have demanded that their own government get into business in self-defense. It is known that a lot of polite language has been directed from Washington to London—with about as much effect as pea-shooters on battleship turrets.

Herbert Hoover, in effect, Economic Director of the Government at Washington, is aroused to a fighting mood. It is no secret that it was at his suggestion that the House of Representatives directed the Committee on Interstate and Foreign Commerce to investigate the rubber control and also that of coffee, silk, nitrates, potash, quinine, iodine, tin, quicksilver, sisal, pulpwood, "and other important raw materials, and their effects upon the commerce of the United States, both as to supply and to price, and to report to the House its findings and recommendations thereon."

It isn't the hundreds of millions of dollars that American consumers are now paying in excess of fair prices to the three governmentally supported international trusts, and the others that could hardly be the extortionists they are without governmental connivance and encouragement, that worries Hoover. We are rich and can well af-

ford to stand a temporary mulcting if it helps some of the sorely pressed foreign contries to buck up.

It is not the beginning, but the logical outcome that arouses his apprehension. It isn't apprehenson only for the people of the United States, but for the people of the forty weaponless nations who would be the Belgium of an economic war made world-wide on rubber lines, and for oppressed consumers everywhere. (Note that the British rubber exaction applies the screws to all the people of the British Empires, just as it does to the outlanders, to Canadians no less than to Americans.) Two portentous developments are seen by Hoover unless the sinister new blending of government and industry in business are checked quickly:

Portentous Developments

I. A series of world economic control "wars" that will be as disastrous to a world struggling to its feet from a stupendous physical conflict as that fearful grappling was. These dollar combats may arouse such enmities and so inflame the passions of men that armies may—it is remotely possible—once again rally to the colors, this time to fight for and against economic rights. Already it is conceivable that governmental manipulation of crude rubber is in a position to bankrupt the vast American automobile tire industry, paralyze the automobile industry and sequentially precipitate a general business depression if not a panic. Some tire manufacturers are already closing their factories rather than take the chance of ruin that would come either from still higher prices or from suddenly deflated prices—either of which may be willed by a little knot of governmentally backed planters on the other side of the world.

II. If the "catching" rush to merge government and business for the benefit of business is not stopped, the United States will have to fall in line in self-defense. And once government gets one foot into business the whole carcass of bureaucracy will crowd in after it—and state socialism will arrive.

What can we do?

Hoover has enumerated several possible lines of procedure, but this is what he is determined upon:

Smash one governmental control, at any cost, and hang its hide high on an international hoarding as a warning to all others.

And the rubber control is that one!

Only the United States can do the job; not another power in the world dares move a finger. And Uncle Sam is getting ready.

Our Building Your Future Income Department Answers Inquiries on Building & Loan Associations

Unlisted Utility Bond Index

Holding Companies

	Investment Grade	Bid Price	Asked Price	Yield
American Gas & Electric 6s, 2014	B..	97½	98¼	6.11
American Power & Light 6s, Series A, 2016	B..	95½	96¼	6.23
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B..	100	101	5.92
Continental Gas & Electric 6s, 1947	B..	99	100	6.00
General Gas & Electric s. f. 7s, 1952	B..	104½	105½	6.55
Southwestern Power & Light 1st Mtge. 5s, 1943	B..	94½	95¼	5.44
Standard Gas & Electric Co. 6s, 1935	C..	99¼	101¼	5.97

Power Companies

	Investment Grade	Bid Price	Asked Price	Yield
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A..	104¼	105¼	5.61
Appalachian Power Co. 1st 5s, 1941	A..	98¼	99	5.09
Arizona Power 1st 6s, 1933	A..	99½	101	5.82
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B..	98	98¾	5.10
Central Ga. Power Co. 1st 5s, 1938	B..	95½	97½	5.28
Central Indiana Power 1st Col. & Ref. 6s, 1947	C..	98¼	98¾	6.10
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B..	92	94	5.71
Great Western Power Co. 1st Ref. 6s, 1952	A..	101½	102¼	5.83
Idaho Power Co. 5s, 1947	A..	97	98	5.16
Illinois Power & Light 1st & Ref. 6s, 1953	B..	101¼	102½	5.83
Kansas Electric Power 1st Series A, 6s, 1937	B..	100	101	5.88
Memphis Power & Light 5s, 1948	A..	99	99¾	5.03
Mississippi River Power 1st 5s, 1951	A..	99¼	99¾	5.03
Nebraska Power Corp. 1st 6s, 1949	A..	104½	105½	5.58
Nevada-California Electric 1st 6s, 1946	B..	98¼	99¼	6.06
New Jersey Power & Light 1st 5s, 1936	B..	96	98	5.26
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A..	105¼	106¼	5.52
Ohio Power Co. 1st Ref. 7s, 1951	A..	106	107	6.43
Puget Sound Power & Light 5½s, 1949	A..	99¼	100¼	5.48
Tennessee Power Co. 1st 5s, 1962	A..	94¾	95¾	5.26
Texas Power & Light Co. 1st 5s, 1937	B..	98	99	5.12
Virginian Power Co. 1st 5s, 1942	B..	93	94½	5.50
Washington Coast Utilities 1st Mtge. 6s, 1941	B..	102	...	5.80
Yadkin River Power 1st Mtge. 5s, 1941	A..	98¼	99¼	5.07

Gas and Electric Companies

	Investment Grade	Bid Price	Asked Price	Yield
Burlington Gas & Light 5s, 1955	B..	91	92½	5.49
Cons. Cities Light, Power & Traction 1st 5s, 1962	B..	81	83	6.18
Dallas Power & Light 6s, 1949	A..	104	105	5.61
Gas and By-Products Co., 1st lien & coll. 7s, 1939	B..	97½	99	7.05
Indianapolis Gas Co. 1st 5s, 1952	B..	96½	97¼	5.19
Oklahoma Gas & Electric 5s, 1950	A..	92	93	5.50
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A..	101¼	102	5.36
Portland Gas & Coke 1st 5s, 1940	B..	98	98¾	5.13
Seattle Lighting Co. Ref. 5s, 1949	B..	91¾	93	5.53
Tri-City Railway & Light 5s, 1930	B..	98¼	99¾	5.06
Twin State Gas & Electric Ref. 5s, 1953	B..	92½	93½	5.45
United Light & Railways 6s, 1952	B..	98½	99½	6.04
Wilmington Gas Co. 5s, 1949	B..	94	95	5.40

Traction Companies

	Investment Grade	Bid Price	Asked Price	Yield
Brooklyn City & Newton 1st 5s, 1939	B..	78	82	7.10
Columbus Street Railway 1st 5s, 1932	B..	92½	...	6.43
Galveston-Houston Electric Railway 1st 5s, 1954	B..	80	83	6.28
Georgia Light, Power and Railway 5s, 1941	A..	86½	87¼	6.25
Kentucky Traction & Terminal 5s, 1951	C..	70	73	7.38
Knoxville Railway & Light 5s, 1946	C..	93½	94½	5.45
Nashville Railway & Light 5s, 1953	B..	97½	98½	5.10

Telephone and Telegraph Companies

	Investment Grade	Bid Price	Asked Price	Yield
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A..	98½	100	5.00
Cuban Telephone Co. 1st and Ref. 7½s	B..	106	107	6.75
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A..	98	99	5.16
Houston Home Telephone 1st 5s, 1935	A..	99	100½	4.97
Ohio State Telephone Co. Ref. 5s, 1944	A..	99¼	100¼	4.98
Southern California Telephone 1st & Ref. 5s, 1947	A..	98	98¾	5.09

Yield computed at the asked price.

SECURING FINANCIAL HEALTH THROUGH INSURANCE

(*Continued from page* 535)

This additional protection is offered at small additional cost by many of the best and most conservative life companies, and approved claims have in practically all cases been met promptly. There is no "jeopardizing of life insurance policyholders'" interests when adequate premiums are charged for the Disability Benefits granted.

We regret that we are not sufficiently in touch with the various Accident and Health companies to advise you regarding the details of their contracts, or the premium rates they charge.

The life insurance companies grant the Disability coverage at a lower premium rate than that charged by the Accident and Health companies, and moreover the benefit is non-cancellable and can be maintained by the insured at his option. Under nearly all purely Health policies, the benefit can be cancelled by the company as in the case of fire and accident insurance. Hence the coverage granted by life companies is both more valuable and less expensive.

We would call your attention to the fact that *total and permanent disability* under a life insurance policy meets this form of claim arising from any cause whatever—Tuberculosis, Rheumatism, Cancer, Insanity, etc., are all covered, and some of the more liberal policies provide that if the disability is total it will presume to be permanent if it last for more than 90 days.

PARTNER OR CREDITOR?

(*Continued from page* 534)

about. The simple rule that should govern a bond investment, therefore, is the ability of a corporation to pay its outstanding bonds under any ordinarily good or bad business conditions.

At the present time, when business prosperity is at a high tide, stocks should be purchased only with discrimination. The same degree of caution is not necessary with a bond investment. Broadly speaking, the type of bond to be avoided is the bond issued against property at an inflated value. Again turning to the charts, it is easy to visualize how a bond secured by a mortgage on property at an inflated value would be impaired when the tide of the corporation's affairs turned unfavorable.

For help in consulting your Life Insurance Problems consult our Insurance Department.

Bank and Insurance Stocks

Quotations as of Recent Date

National Banks:

	Bid	Asked
American Ex.-Pacific (16)	475	485
Chase (20A)	577	584
Chatham & Phenix (16)	362	370
Chemical (24)	710	725
City (20A)	593	600
Commerce (16)	366	372
First (N. Y.) (100A)	2930	2960
Hanover (24)	1105	1125
Mechanics & Metals (20)	457	465
Park (24)	515	520
Public (16)	670	680
Seaboard (16)	655	675

Trust Companies:

	Bid	Asked
Bankers (20)	607	612
Bank of N. Y. & Trust Co. (22)	625	640
Brooklyn (30)	880	895
Central Union (33)	895	910
Empire (16)	341	348
Equitable (12)	302	308
Farmers' L. & T. (16)	560	570
Guaranty (12)	376	380
Irving-Columbia (14)	345	352
Manufacturers (18)	510	520
New York (20)	557	567
United States (60)	1880	...

State Banks (New York):

	Bid	Asked
America (12)	330	...
Corn Exchange (20)	580	590
Manhattan Co. (8C)	236	242
State (16)	590	...
United States (10)	295	303

Insurance Companies:

	Bid	Asked
Aetna Fire (24)	655	660
Aetna Life (12)	1300	1315
Carolina (1)	35	37
Continental (6)	132	135
Fidelity-Phenix (6)	175	179
Glens Falls (1.60)	37	39
Globe & Rutgers (28)	1675	1725
Great American (16)	300	303
Hanover (5)	190	195
Hartford Fire (20)	635	650
Home (18)	373	379
Milwaukee Mech. (2.20)	36	39
National Fire (20)	780	..
Niagara (10)	248	252
North River (4)	111	115
Stuyvesant (6)	200	210
Travelers (20)	1410	1425
United States (4.80)	148	153
Westchester (2.50)	46	48

Casualty and Indemnity Companies:

	Bid	Asked
American Surety (8)	170	180
National Surety (9)	210	220
U. S. Casualty (10)	380	400
U. S. Fid. & Guar. (9)	214	218

Joint Stock Land Banks:

	Bid	Asked
Bankers of Milwaukee (4)	165	175
Chicago (10)	...	165
Dallas (10)	...	165
Denver (8)	137	147
Des Moines (4)	...	140
First Carolina (8)	127	137
Kansas City (10)	155	175
Lincoln (9)	150	165
St. Louis (9)	160	165
Southern Minnesota	...	145
Virginian (.50B)	8½	9¼

(A) Includes dividends from Securities Company. (B) Par $5. (C) Par $50.

Among the year-end reports of New York banks which are now appearing a particular interest attaches to that of the First National Bank. It is famous for the high price of its stock, now about $3,000 and it pays $100 per annum in dividends. George F. Baker, its president, is understood to be one of the richest three men in the United States, and in financial circles is often thought of as the most powerful man in the country. The subsidiary company of the First National Bank of New York, called the First Security Company, has never before had its earnings reported. Dividends on First National Bank stock, are, however, based on earnings of this subsidiary security company, as well as those of the bank proper. This year security company earnings are reported separately. The bank earned 12.2 millions, about as much as in 1924, the security company earned 4.5 millions as against 3.8 millions the year before. The security company is responsible for practically all the gain. This lusty child of the parent bank recalls the history of the bank. Organized in 1863 with a capital of only $200,000, it has since paid dividends of 105 millions, and the security company organized in 1908 has additionally paid 33 millions. Surplus and undivided profits have reached 90 millions. First Security investments are 50 millions. The original capital in 60 years has expanded about 1,200 times. Few object lessons could be more impressive.

In pursuance of the policy adopted towards Southern Minnesota Joint Stock Land Bank, two more important joint stock land banks have been compelled to reduce their dividends. These are the Des Moines which has lowered its dividend rate from 9% to 4%, and the Banker's of Milwaukee which has reduced its dividend from 10% to 4%. All other dividends have been approved by the Federal Farm Loan Board. As a result of this dividend situation the market for these stocks has been quite poor. There is very little effective bidding. The stocks which enjoyed the highest favor a month ago are now

neglected. In view of the fact that all of the suspensions and reductions of dividends ordered by the Federal Farm Loan Board have been based principally on technical considerations, and when it is further remembered that the basis for this decision arose out of conditions that are now past, it will be seen that a fickle investing public has been altogether too easily scared. At present the stocks are quite cheap, and some, like Denver, are really bargains.

SCHOOL FOR TRADERS AND INVESTORS

(*Continued from page* 540)

for closing out a commitment which was made in the belief that the stock was sound and that its technical position indicated a nearby advance. Hence, the idea of protecting the base of a pyramid with a one-point stop seems to us more like gambling than speculating, for its favorable outcome depends too much on mere chance, and not enough on actual evidence of new weakness which might justify a decision to take a loss.

Please be assured that we do not belittle the principle of the stop-loss order. We believe that a loss should be limited in any case. But we think that the very close stop must be used with considerable discretion and under particularly favorable circumstances. In view of the fact that our subscriber has found his method successful, we give him full credit for having such discretion, and for having the ability to determine the favorable circumstances under which the one-point stop may be used.

Small Reactions Should Be Expected

It is possible that our subscriber has no thought of trying to buy a stock within one point of the bottom of a reaction. He may have in mind the case where a stock has emerged from a trading range and is beginning to advance rapidly under increased volume. In this case the initial purchase may be made several points above the so-called support level of the last reaction, and the purchaser may trust to the speed or momentum of the advance to carry the stock forward at least three points before the next reaction takes place. There may be some foundation for this view, but, nevertheless, we hold that a reaction of only one point is likely to occur with almost any active stock at almost any time, and should be no occasion for surprise. Therefore, we must conclude that the method involves a considerable percentage of chance.

For the benefit of readers who may desire to review some previous discussions of this subject of pyramiding, we refer to lessons twenty-nine and seventy of this series.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

	Bid	Asked
Aeolian Co., pfd. (7)	80	— 90
Aeolian Weber	28	— 34
Aeolian Weber, pfd. (7)	95	—102
Allied Packers	3½	— 5
Sr. Pfd.	9	— 11
Pr. Pfd.	35	— 40
Alpha Port. Cement (6)	115	—118
Aluminum Co. of Am.	62	— 65
Pfd. (6)	98	—100
Pfd. Warrants	89	— 92
American Arch (7P)	130	—132
American Book Co. (7)	142	—145
Amer. Cyanamid (4P)	140	—150
Pfd. (6)	87	— 92
Amer. Thread, Pfd. (¼)	4	— 4⅛
Atlas Port. Cement (4)	55	— 57
Babcock & Wilcox (7)	148	—150
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	104	—107
2nd Pfd. (7) G	95	—100
Bliss (E. W.) Co. (1)	30	— 31
1st Pfd. (4)	55	— ..
Cl. B. Pfd. (0.60)	9¾	— 11
Bohack (H. C.) Co. (10)	208	—215
1st Pfd. (7)	99	—102
Borden Co. (4P) (new)	100	—102
Bucyrus Co. (5P)	185	—195
Pfd. (7)	104	—108
Celluloid Co.	20	— 23
Pfd. (8)	70	— 75
Congoleum Co. pfd. (7)	97	— 99
Continental G. & El. (4.4)	125	—140
Part pfd. (8)	95	— 96½
Prior pfd. (7)	96	— 97
Crocker Wheeler	10	— 15
Pfd.	..	— 55
Devoe & Reynolds:		
2nd Pfd. (7)	99	—102
Eisenlohr (Otto) Bros.	19	— 19⅛
Pfd. (7)	94	— 98
Franklin Rwy. Sup. (4)	90	— 95
Gen. Optical pfd. (3½)	..	— 28
Hale & Kilburn pfd. (½)	15	— 18
Hercules Powder (6P)	135	— ..
Pfd. (7)	112	—115
Ide (Geo. P.) & Co., Inc.	4	— 8
Pfd. (8)	55	— 60
Jos. Dixon Crucible (8)	158	—162
Johns-Manville, Inc. (3)	153	—158

	Bid	Asked
Knox Hat	57	— 63
2nd Pfd.	68	— ..
Pr. Pfd. (7)	92	— 98
Lehigh Port. Cement (3)	88	— 92
McCall Corp.	157	—162
New (w. i.)	39½	— 41½
Pfd. (7)		††
Manhattan Rubber (2.5)	40	— 43
Metropolitan Chain Sts.		
1st Pfd. (7)	114	—118
2nd Pfd. (7)	110	—116
Nat'l Fuel Gas (6P)	135	—145
New Jersey Zinc (8P)	205	—210
Niles-Bement-Pond	17½	— 18½
Pfd.	..	— 62
Phelps Dodge Corp'n (4)	124	—127
Pierce, But. & Pierce:		
(New)	x25	—x27
Pfd. (8)	100	—104
Poole Eng'g (Md.):		
Class A	8	— 12
Class B	8	— 12
Richmond Radiator (new)	16	— 18
Pfd. (new) (3)	38	— 41
Royal Bak'g Powder (8)	200	—205
Pfd. (6)	100	—102
Safety Car H. & L. (8P)	123	—126
Savannah Sugar (6)	139	—141
Pfd. (7)	114	—116
Servel Corp. B	56	— 60
Sheffield Farms pfd. (6)	100	—104
Singer Mfg. Co. (10P)	383	—388
Singer, Ltd. (¼)	7½	— 8½
Superheater Co. (6P)	x138	—x142
Technicolor, Inc.	8	— 9
Thompson-Starrett (6)	110	— ..
Pfd. (8)	99	— ..
White R'k 2d pfd. (6P)	180	—210
1st Pfd. (7)	99	—104
Woodward Iron	79	— 83
Pfd. (6)	80	— 90

*Dividend rates in dollars per share designated in parentheses.

††Called for redemption @ 115 Jan. 2, 1926. x—Ex-dividend.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

OVER-THE-COUNTER stocks threw off the dullness which prevailed over the holidays and public interest in the market was again in evidence. Price movements, on the whole, were irregular. *National Fuel Gas* which was favorably commented upon in our preceding issue, promptly justified expectations by advancing fifteen points during the fortnight. *Borden Co.* has likewise lived up to predictions by declaring an extra 25 cent dividend.

E. W. Bliss Company

Improvement in the market action of Bliss common stock is suggestive of a favorable turn in the company's affairs. E. W. Bliss, it will be recalled, was numbered among the so-called "war brides". The company made phenomenal profits during the war years due to its ability to produce munitions on a large scale.

The company, in fact, is an important manufacturer of torpedoes, armor-piercing projectiles, common shell, shrapnel, and the like. It controls valuable patents in this field and, accordingly, does a considerable amount of work for the U. S. Government. Because of this phase of its activities and the war profits referred to, Bliss is popularly classed solely as a munitions manufacturer. This is a misconception.

The company's industrial business is by no means of modest proportions. For years, it has been the largest maker of metal working machinery. These machines are extensively used in the production of diversified products, including every type of tin can, drop forgings and fenders and radiators for automobiles, in addition to agricultural implements, metal furniture, stoves, cutlery, etc. Export trade is extensive and is conducted through agencies in many foreign cities.

Unlike many other "war brides," Bliss suffered no serious derangement of financial position with the ending of the war. On the contrary, of the 15.63 million dollars earned for the common stock in the period 1916-1919, but 5.87 millions were paid out in dividends and 9.68 millions added to surplus account, bringing this item to 17.27 million dollars at the close of 1919. Plant expansion was moderate as the company leased a large share of the necessary space for war manufacture.

As a result of this conservation of war time earnings, Bliss still had a profit and loss surplus of 17.38 millions at the close of 1924 and working capital of 5.56 millions. Net profits were equivalent to $7.54 per share in 1920 and $9.28 in 1921, though the company was no longer dependent upon war orders. The next two years were unsatisfactory and operations produced a total deficit of nearly 3 million dollars, after dividends, for 1922 and 1923. In 1924, some improvement was shown, with net income equal to 49 cents a share for the 300,000 shares of no par common stock.

Directors are recommending a plan of reorganization whereby the existing preferred stocks will be exchanged, share for share, for similar securities of a new company to be organized under the laws of Delaware. New common is to be issued in the ratio of 1.1 shares for each share of old stock and $600,000 working capital will be provided by permitting shareholders to purchase an additional share of new stock at $20 for each ten now held.

Dividends on the 30,000 shares of $50 par value 8% cumulative preferred and like amount of $10 par value 6% cumulative Class B preferred stocks have been maintained since these shares were issued in August, 1920, in a capital readjustment. The common stock is receiving a dividend of 25 cents a share quarterly, the rate having been gradually reduced from $2.20 per annum in 1921. This rate is more or less nominal, since Bliss common yields but 3.3% at current prices.

The Salem plant has only lately been reopened, after a shut-down of several years duration, while the Hastings and Brooklyn factories are being employed to capacity. The expansion in business thus indicated should be reflected in restoration of good earnings. Incidentally, it is characteristic of the heavy machinery business that industrial activity tends to be reflected only after the cycle of prosperity in other lines is well advanced. Bliss common stock, under these conditions, appears an attractive speculation.

New York Curb Market

IMPORTANT ISSUES

Quotations as of Recent Date*

Name and Dividend	1925 Price Range High	Low	Recent Price
Amer. Gas & Elec. (1)†	84¾	68	84
Am. Super Power A (1.50)[2]	41½	26¼	33¼
Am. Super Power B (1.50)[2]	45	27¾	35½
Centrif. Pipe (1)	30¾	10	25
Cities Service new (1½)†	43	35	38
Cities Service Pfd. (6)	85½	80¼	83¾
Cleveland Motors	32	19½	29¼
Cont. Baking B	42	21¾	29
Cont. Baking Pfd. (8)	106½	91½	98¾
Curtiss Aero	26½	13	21
Curtiss Aero Pfd. (5)	88¾	55	82
Devoe & Rey B new	92½	54	91
Durant Motors	21	10	13
Elec. Bond & Share (1)	91½	55½	82
Electric Investors[4]	79½	40	68¼
Electric Refrigerator	91¼	87	87
Ford Motor of Can. (10)	690	462	621
Gen. Ice Cream (2)	59	34	54
Gen. Baking A wi	83¾	60	78¾
Gen. Baking B wi	20½	15¾	17¼
Gillette Safety Razor (3.75)[3]	115½	57½	111
Glen Alden Coal (7)	168	117	162
Goodyear, T. & R.	49⅝	24½	38
Gulf Oil (1½)	98¼	63½	92½
Happy Can St. A (50c)	9½	6¼	8
Horn & Hardart	70	46	60
Hecla Mining (1)	18½	12¼	18
Intern. Utilities B	17	7	8
Kelvinator (1½)	89½	18½	86½
Lago Oil & Trans. A	24½	17⅞	23½
Lago Pet.	12¼	4¼	11¾
Land Co. Florida	94	50	43½
Lion Oil Ref.	26	18	25
Metro Chain Store	56¼	47¼	48½
Miller Rubber new wi	50	35	39½
Mountain Prod. (1.9)[3]	26¼	18¼	25½
Natl. Pr. & Lt. new	38	28⅞	37¾
New Mex. & Ariz. L.	19¼	6¼	16
Nipissing (90)[3]	6¾	4½	7
Nizer Corp. B (1.25)[3]	90	37	86½
No. Ohio Pr.	19	6	16¼
Reo Motor (1.65)[3]	28	15¼	25
Rickenbacker Motor	10½	7¼	8
Salt Creek Prod. (2.35)[3]	38¼	24	35½
Servel A	35	9½	29½
Southeast Pr. & Lt. new	46¼	28	45
So. Dairies A	56	30	49
So. Dairies B	35¼	19	29
Stutz Motors	39	6	35¼
Trans Lux	14½	5¼	13
Tub Artif. Silk B	270	147	220
Tob. Products Exp.	8¾	3	4½
Union Carbide (5)	81	65	78¼
Victor Talking Machine	117	65	93½
STANDARD OIL STOCKS			
Cont. Oil new (1)	31½	22	24¾
Humble Oil (1.20)	97	42¼	96
International Pet. (50c)	35¾	22	34
Ohio Oil (2)	75¼	60¼	66
Prairie O. & Gas new	65½	46	56½
S. O. of Indiana (2½)	70	59½	68½
S. O. of New York (1.40)	48½	40	46½
Vacuum Oil (4)[3]	109½	80	107½

* Dividends quoted dollars per share, Jan. 6th, 1926. † Plus extra stock dividend. [2] Payable in Preferred. [3] Partly extra. [4] Without warrants.

THE public utilities and the oil shares led an advancing market on the New York Curb, a number of new high records having been established by the leaders in these groups. The new stock of *National Power & Light* sold up ten points from its recent low; other advances were established by *Electric Bond & Share*, *Electric Investors* and *American Super Power*. Oil shares were strong under the leadership of *Gulf Oil* and the two issues of *Lago*, the shares of these companies selling to new high levels. The industrial group was active and fairly strong, *Devoe & Reynolds*, *Gillette Safety Razor* and *Glen Alden Coal* making sharp rises during the fortnight.

The Kelvinator-Nizer merger has been finally completed and the new company, the *Electric Refrigeration Corporation of Michigan* is now one of the dominating companies in the industry. Electrical Refrigeration with the recent acquisition of the Grand Rapids Refrigerator Co. is a 12 million dollar corporation which in output and the number of its units now in use far exceeds that of any other company in the industry and occupies an equal if not stronger position than the General Motor's subsidiary, the Frigidare Corporation. It is expected that new financing will be offered in the form of a note issue of about 3 million dollars in connection with the acquisition of the Grand Rapids Refrigerator Co.

After this financing, the Electric Refrigeration Corp. will be capitalized with 571,000 shares of no par value capital stock and an issue of 3 million 10-year 6% notes. It will have no other funded debt, no preferred stock, and neither the holding company or its subsidiaries will have outstanding bank loans. An audit as of October 31, 1925, shows approximately 12 millions total assets of which 7.2 millions are represented in current assets. With only 1.4 current liabilities, the new company has a net quick asset position of approximately 5 to 1. Earnings in 1925 after Federal taxes and all other prior charges were 3 million dollars which is the equivalent of around $5 a share on the new stock outstanding and represents an increase of over 100 per cent over the previous year. On the basis of present shipments and production schedules for 1926, it is estimated in semi-official sources that 1926 earnings will approximate $10 a share.

The three companies in this consolidation are leaders in various divisions of the refrigeration industry; one leading ice box company, a prominent commercial refrigerator unit manufacturer and a leading household refrigeration company. Among the consolidation advantages, the Electric Refrigeration Corp. will have more than 5,000 distribution outlets, of which one thousand are electric light and power companies which install and service the products of the new corporation. With an almost unlimited field for expansion and the tremendous increase in sales within the past two years, Electric Refrigeration has a good outlook for this year and the stock is recommended for long range speculative purposes.

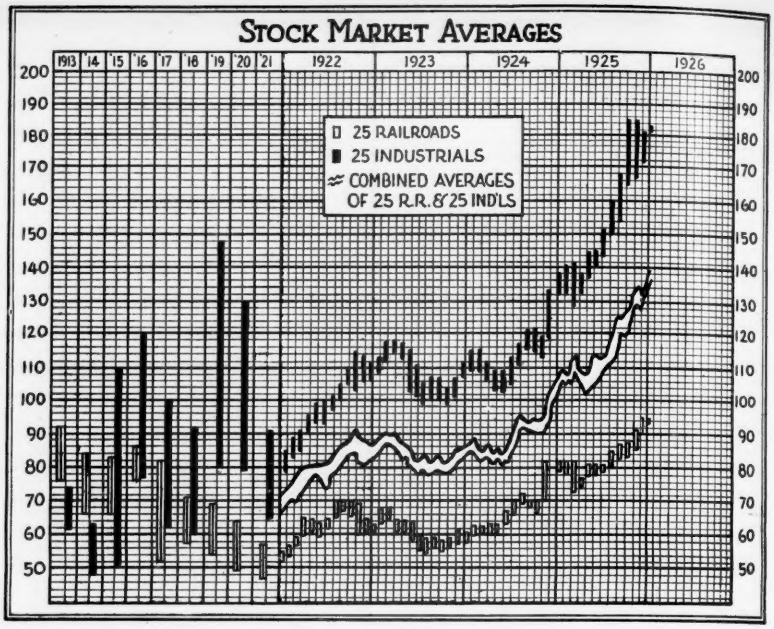
Important Corporation Meetings

Company	Specification	Date of Meeting
Coty, Inc.	Annual	1-18
Crucible Steel Co	Directors	1-18
Cuban Dominican Sug	Annual	1-18
American Tel. & Tel	Directors	1-19
Kresge (S. S.)	Special	1-19
Lehigh Valley R. R.	Annual	1-19
Munsingwear, Inc.	Dividend	1-19
National Surety	Annual	1-19
Procter & Gamble	Com.	1-19
Amer. Water Wks	Pfd. & Com. Divs.	1-20
Continental Motors	Annual	1-20
Cities Service Co	Directors	1-20
Hudson Motor Car	Directors	1-20
Mexican Seaboard Oil	Directors	1-20
Nat'l Cloak & Suit	Pfd. Div.	1-20
Ry. Steel-Springs Co	Special	1-20
Stewart-Warner Speed.	Dividend	1-20
West Penn Co	Directors	1-20
Columbia Gas & Electric	Directors	1-21
National Lead Co	Pfd. Div.	1-21
Tobacco Products Corp	Directors	1-21
U. S. Cast Iron Pipe	Directors	1-21
Coca-Cola Co.	Com. Div.	1-25
Consolidated Cigar	Pfd. Div.	1-25
International Shoe	Annual	1-25
Pacific Mills	Directors	1-25
Pitts. Steel	Pfd. Div.	1-25
Beth. Steel	8% & 7% Pfd. Divs.	1-26
Brooklyn Edison	Dividend	1-26
Commercial Credit	Annual	1-26
Deere & Co.	Pfd. Div.	1-26
Illinois Central R. R.	Pfd. Div.	1-26
Inland Steel Co	Dividend	1-26
Jones & Laughlin Steel	Directors	1-26
Pa. Coal & Coke	Directors	1-26
U. S. Steel Corp	Pfd. & Com. Divs.	1-26
Amer. Tobacco	Com. & Com. B Divs.	1-27
Delaware & Hudson	Directors	1-27
Diamond Match	Dividend	1-27
Liggett & Myers Tob	Com. Div.	1-27
Lima Locomotive	Com. Div.	1-27
Nash Motors	Annual	1-27
New York Central	Annual	1-27
Wright Aeronautical	Dividend	1-27
Amer. Metal, Ltd	Pfd. & Com. Divs.	1-28
Consol. Gas N. Y.	Com. Div.	1-28
Household Products	Directors	1-28
Stand. Milling	Pfd. & Com. Divs.	1-28
United Dyewood Corp	Directors	1-28
White Motors	Dividend	1-29
Studebaker Corp.	Pfd. & Com. Divs.	1-30

Important Dividend Announcements

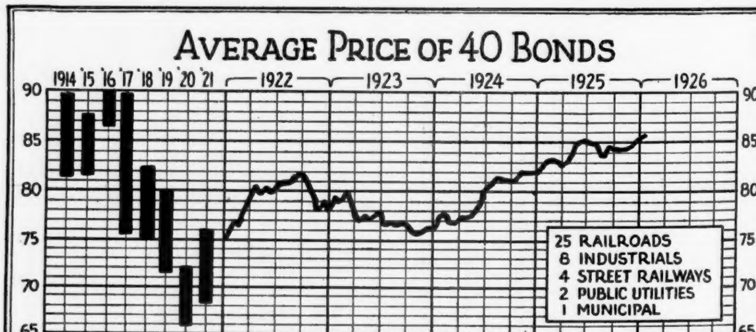
Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

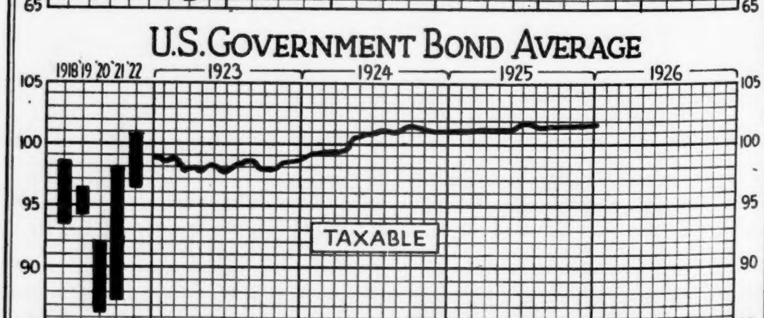
Ann'l Rate	Company	Amount Declared		Stock Record	Payable
$5	Amer. Can cm.	$1.25	Q	1-30	2-15
—	Amer. Can cm.	$3.00	EXT	1-30	2-15
$7	Am. Smelt. & Ref. cm.	$1.75	Q	1-15	2-1
$7	Am. Smelt. & Ref. pf.	$1.75	Q	2-5	3-1
$3	Anaconda Copper	$0.75	Q	1-16	2-23
$7	Archer-Dan-Mid pf.	$1.75	Q	1-21	2-1
6%	Atlas Powder pf.	1½%	Q	1-20	2-1
$7	Brown Shoe pf.	$1.75	Q	1-21	2-1
$2	Century Ribbon cm.	$0.50	Q	1-20	1-30
$7	Century Ribbon pf.	$1.75	Q	2-20	3-1
$5	Chic. Pneumatic Tool	$1.25	Q	1-15	1-25
$4	Chic. Yellow Cab	$0.33⅓	M	1-20	2-1
$4	Chic. Yellow Cab	$0.33⅓	M	2-20	3-1
$5	Crucible Steel cm.	$1.25	Q	1-15	1-31
6%	du Pont Powder cm.	1½%	Q	1-20	2-1
5%	du Pont Powder pf.	1¼%	Q	1-20	2-1
$5	Fisher Body Corp.	$1.25	Q	1-21	2-1
$5	Hudson & Man. pf.	$2.50	SA	2-1	2-15
$6	Int'l Nickel pf.	$1.50	Q	1-18	2-1
$3	Kayser, Julius, cm.	$0.75	Q	1-20	2-1
7%	Loose-Wiles 2d pf.	1¾%	Q	1-18	2-1
$7	McCrory Stores pf.	$1.75	Q	1-20	2-1
$1	Miami Copper	$0.25	Q	2-1	2-15
$5	Mid-West Util. cm.	$1.25	Q	1-26	1-30
8%	Nat'l Carbon pf.	2%	Q	1-21	2-1
7%	N. Y. Canners 1st pf.	3½%	SA	1-22	2-1
8%	N. Y. Canners 2d pf.	4%	SA	1-22	2-1
4%	Norf. & West. Adj. pf.	1%	Q	1-30	2-19
5%	Pere Marq. Ry. pf.	1¼%	Q	1-15	2-1
5%	Pere Marq. pr. pf.	1¼%	Q	1-15	2-1
7%	Phillips-Jones pf.	1¾%	Q	1-20	2-1
$6	Sears, Roebuck	$1.50	Q	1-15	2-1
$2.40	United Lt. & Pow. cm. A	$0.60	Q	1-15	2-1
$2.40	United Lt. & Pow. cm. B	$0.60	Q	1-15	2-1
$5	Wabash Ry. "A"	$1.25	Q	1-24	2-25
—	Weber & Heil. cm.	15%	STK	1-15	1-26
$3	Wrigley, Wm., Jr.	$0.25	M	1-20	2-1



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, Dec. 24..	85.19	157.01	111.58	138.02	135.96	1,695,604
Friday, Dec. 25...	HOLIDAY			HOLIDAY		
Saturday, Dec. 26..		EXCHANGE	CLOSED			
Monday, Dec. 28...	85.22	156.87	112.25	138.21	136.64	2,152,760
Tuesday, Dec. 29...	85.20	155.83	112.32	137.97	135.88	2,039,950
Wednesday, Dec. 30	85.32	155.81	112.62	137.76	136.39	1,961,250
Thursday, Dec. 31..	85.44	156.66	112.93	138.13	136.75	2,053,221
Friday, Jan. 1.....	HOLIDAY			HOLIDAY		
Saturday, Jan. 2...	85.55	158.54	113.10	138.52	137.38	1,022,503
Monday, Jan. 4....	85.52	158.75	112.40	138.99	137.24	2,234,186
Tuesday, Jan. 5....	85.65	157.60	112.36	138.26	136.75	1,971,970
Wednesday, Jan. 6.	85.70	158.00	112.45	137.96	136.62	1,638,260





TRADE TENDENCIES

(*Continued from page* 544)

Pittsburgh. The fabricating mills are likewise operating at a high rate. In order to keep pace with schedules, many of these mills maintained full rate of operation through the year-end.

Steel companies are operating at a fair margin of profit. The composite price of fourteen major iron and steel products, as compiled by the *Iron Trade Review*, was $29.25 a ton at the end of the year, an increase of almost $2 a ton over the prevailing price three months ago. Pig iron, on the other hand, has increased only about 25 cents a ton during this same period. This margin, together with the lower production costs possible at a high rate of output, brought good profits to the leading steel companies in the last quarter of the year.

Metals

Unchanged But Steady

The market for non-ferrous metals is quiet but steady in tone and little change in either prices or shipments is looked for in the immediate future. Copper is somewhat firmer around 14¼ cents a pound. Occasionally, some of

the red metal changes hands fractionally lower but producers generally feel confident that the price will not ease off below current prices.

The market for copper abroad appears to have stabilized after an extended sinking spell. Any recovery in foreign prices will probably send inquiries to the market here. Foreign buying during the past six weeks has been the most meager of any period of the year and the producers will certainly welcome such business.

Zinc and tin prices have narrowed to a very steady range but a stronger and more active market is looked for with the start of the new year. Lead, which has been more active, should also be stronger following the year-end lull. Reports of continued large domestic business, with nothing in sight to upset the market for the non-ferrous metals, are heard from all directions. Domestic users are generally stocked up only as far as current or near future requirements are concerned and have no large mill stocks on hand.

Commodities Section

Cotton—Wheat—Corn

COTTON

THREE broad market facts dominate the general cotton situation. In the first place, the size of the crop is definitely about 16.5 million bales, including linters. In the second place cotton below middling grade is at least 3.5 million bales. The last fact which relates more to October delivery, is the recommendation of the American Cotton Association to growers to reduce acreage for the 1926-27 crop by fully 25%.

Adding 26.5 million bales world crop to 7 millions carryover, gives world supply of 33.5 million bales against 29.7 million last season. Figures as to world consumption are hardly as eloquent as the hard market fact that mill buying is excellent at a twenty cent level, and that this level also brings out good volume of offerings. For some time the South has been withholding grades above middling, hoping for better prices, owing to the large quantity of untenderable cotton. But mills are accepting low grades, with appropriate price reductions, and thus high grades have come into the market more actively this week. They had commanded a considerable premium for spot delivery but for all that little had come into the market in December. But as the March option, which has been the popular month, draws nearer, spot offerings naturally increase. Still, comparatively high grades are still so scarce that many think they are being hoarded.

If acreage is reduced, and if seed from this year's defective crop reduces quality of next crop, October ought to command higher levels. Neither of these two factors is as yet assured, but relatively high quotation of October at about 18.15 cents as against 19.50 for May and 19.95 for March indicates a tendency in the trade to expect a less abundant crop than this year.

WHEAT

A tremendous boom in wheat, followed by a slight recession, and then exhibiting renewed strength, brought levels to the high of the year. All beliefs and rumors that were bullish were easily received. That the Canadian Pool controlled 70% of Lake Superior port supplies, and that little was being released; that Poland would cease to export; that the Argentine surplus was less than previously thought, and that even if better than minimal, would still show poor quality, were easily absorbed news. Credulity is as wide on the bullish side as three months ago it was on the bearish side with its accompanying fantastic notions of world surplus. On Russian surplus opinion is in favor of small crop and here the bulls may be surprised to find a new export situation. It is taken for granted that Russian export surplus is a myth. What is really the case is that peasants are holding their grain, and that when marketed, much of what will then be realized will have to be sold abroad. At present this is ineffective as Moscow prices are thought to be above world quotations.

Market trading is largely professional, despite the advance in prices. New May is selling at $1.79, which was the price prevailing last year, and New July is at $1.55, also comparable with same date last year. Despite bullish talk and apparent profits in the offing, the public is aloof. Hence it seems certain that lack of speculative support will mean a lesser reaction, and, that, as held by us, comparative stability is to reign for some time.

CORN

Corn continues to focus about political news. There is little doubt that most outcries in favor of price fixing have been determined by the plight of Iowa growers. Considerable skepticism has been expressed, especially in Nebraska, as to whether the financing of extra cattle purchases to consume corn surplus will prove profitable. In the meantime, though, supplies have been coming in heavily, and Chicago December deliveries of 8.5 million bushels were the largest in many years. May has nevertheless held its advance despite heavy carrying charges for that option. At 87 cents for May and 89 cents for July, the market reflects conversion of cash grain into futures rather than any permanent gains.

We will be glad to furnish to our readers the names of reputable brokers thru whom these commodities can be purchased.

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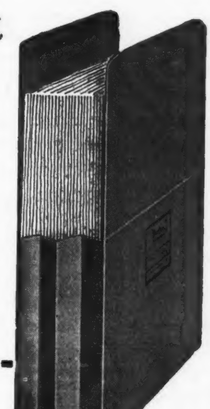

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Jan. 16

WHY COAL INDUSTRY HAS STOPPED GROWING

(Continued from page 509)

heat is utilized. The old method wasted 33%. Consumption of railroad fuel per thousand ton miles has fallen notably. The figure often changes overnight. Likewise, in 1913 it required 2,433 pounds of coke to make a ton of pig iron, whereas in 1922 the work was done with 2,176 pounds. The coal consumption per kilowatt hour produced by electric utilities dropped from 3.2 pounds in 1919 to 2.4 pounds in 1923, or 25% in five years.

It is not surprising, therefore, to find that in 1923 oil and natural gas furnished 26% of the total energy from mineral fuels, compared to 10 to 12% in pre-war years, and that water power had increased from 4 to 5%—a total of 31%. Or to discover that even during the mild business depression of 1924, in which the index of energy stood but one point above that of 1918, the index of bituminous coal was 17 points below and the combined index of oil and gas was 89 points above. In that year—1924—the coal production was a hundred million tons below the 1918 figure. Oil and gas represented the energy equivalent of 230,000,000 tons of coal, nearly half the actual production of 480,000,000 tons of bituminous.

What has been said of the displacement of bituminous is even more true of anthracite. The operators have made this clear in their own statements. Even in 1922 they had become apprehensive of the invasion of substitutes, although at that time they minimized the importance of oil. In 1924 and 1925, however, the operators recognized this competition specifically in their advertisements, comparing costs of buckwheat and fuel oil for domestic heating. It is significant that the price of the so-called domestic sizes—pea, chestnut, stove and egg—is far too high for comparison.

Government statistics on anthracite are admittedly inaccurate, but it is now generally known that production in recent years has been far above normal demand. The public has been stampeded into buying far ahead of needs by the repeated strikes and strike threats. Before every recent strike the amount of coal produced but unsold ran into large figures, often a third of the annual productive capacity. One maker of oil burning equipment operating on a national scale estimates the displacement due to that cause in the home alone at five million tons last year. New England is definitely turning to oil, and approximately fifty concerns are engaged in producing oil burning equipment for domestic use.

Heretofore, however, while some of the oil burner manufacturers have been well financed, the coal industry has taken satisfaction in the fact that none of the big oil companies was directly interested. Today that is no longer true.

Several months ago, full page newspaper advertisements announced the perfection of a home oil furnace by engineers operating jointly for one of the largest oil producers and a nationally known firm of engineering specialists. The story is that this and other burners have been ready for the market for some time, but the designers wanted to be sure that the domestic trend away from coal was permanent. In Philadelphia, long one of the big factors in the anthracite market, operative builders are equipping new homes with oil burning equipment.

The element of heat unit cost probably has much less to do with this trend than was believed. Yet oil burner manufacturers profess to be able to show a reduction in cost to any householder using at least fifteen tons of coal a year. If a labor charge is made for the handling of ashes and for the time required in furnace tending, the saving may be shown on even smaller dwellings. Nearly all modern office buildings are equipping for oil rather than the steam sizes of anthracite, and many of the older ones are finding it safer to change over to assure continuity of service. The labor saving item is a big factor in this situation. In fact the item of handling probably is of as much importance in the trend away from bituminous as the initial per ton cost. This, obviously, accounts for the depreciation in the value of coal securities. How much further the process will go may not now be easy to forecast but it looks definitely as if the coal industry had stopped growing and that its major trend is downward. Far-seeing investors will not miss this point.

OUT OF THE FRYING PAN INTO FINANCIAL INDEPENDENCE

(*Continued from page* 533)

In connection with "food," I have decided it does not pay me to purchase tea, coffee or tobacco. Once in a while I accept them socially.

At one period a distinctly excessive drinker, I have cut out booze under all conditions. But I would not prevent anyone else from drinking. With a long range view to world progress, indeed, it might be reasoned: (A) Addiction to alcohol indicates weakness. (B) The race should be built not from the weak but from the strong. (C) If a man, actually or potentially, is a drunkard, the race injures its own interests by preserving him forcibly. He should be encouraged to develop self-control, or to drink himself to death as soon as possible.

"Contributions" include gifts of money at Christmas and on birthdays. "Laundry" is low because I do most of it myself. To wash one's socks, for example, and let them dry overnight is no more trouble than entrusting them to some Chinaman and quite as hygienic.

The $2,600 "net" is deposited, $50

every Thursday, in a savings bank allowing 4% per annum on monthly balances. Occasionally $1,000 or so is withdrawn and invested at a higher rate, though always with scrupulous regard of safety. My preference of late has been for bonds which mature within three years. The proceeds should be available for buying substantial common stocks, as discreetly as possible, somewhere in the lower levels of the next bear market.

I have made no attempt to write off the depletion one undergoes as age draws nearer and the earning years decrease. So far in my campaign of intensive saving, however, total expenditures have not exceeded $15 a week. Thus the income as well as principal of accumulations, past and current, is left basking in the slow magic of compound interest.

Net income, of course, is much more significant than gross. But more important still, if one would peer into the future of a corporation, is the habitual tendency of its affairs, the reactions of its management to time and circumstance. A physician's prognosis rests on the history of the case. Notwithstanding that the scale of my finances is minute, their improving trend since 1921 would entitle a corporation's stock to a rising market. This is indicated by the accompanying table, based on years ended August 31.

Booms will collapse while my trivial surplus should continue to grow. If it had resulted from some stroke of genius, or skillful taking of chances, the outlook might be more brilliant but less assured than on the humdrum basis of patience, industry and thrift. The debts have been paid. Physical conditions have been satisfactorily maintained. "Good will" has been built up gradually, through holding a steady job. By a group policy, moreover, my employers make some provision for disability and allow one year's salary at death. I have no dependents.

I am 36. In another year my income from investments should meet the essentials of my requirements. By 40, at the latest, I should be able to give my attention to other things than making a living. Independent leisure means more to me than the trappings of wealth, or an exalted place among tax payers.

If I live to be 55, my intention is to put whatever capital I have then into an annuity. This should dispose, in my case, of the argument sometimes heard against saving—"You can't take it with you."

Without having unlimited money to burn, I should have enough to warm my hands through many a wintry day. And I need not regret leaving any behind. The fire and I will go out together.

What many a man will regret at last, one may suppose, will be that he has not more to leave for those he loves.

In any case, how little they know of life who attach no importance to accumulating money! It is a wonderful shield to go with one through the human jungle.

LEADING ZINC STOCKS COMPARED

(*Continued from page* 529)

as having been big contributors to net earnings in the war years, and probably the Columbus plant and the Silver Dyke properties hold out the best possibilities for future development.

Although interest charges have not been heavy, earning in late years have been small and no dividends have been paid on the preferred stock since November, 1920, or on the common since May, 1917. Accumulated unpaid dividends on the 80,330 shares of $6 cumulative preferred now amount to over $30 a share, or to about $13 less per share than the highest price reached by that issue in 1925. Last year's net, before depletion and depreciation, will be equal to about $5 a share. After deducting such charges, the profit probably will be under $3 a share, or less than one year's dividend requirements at the prescribed rate. Since bank loans at the close of 1924 were $300,000, and the company has a bond maturity of $919,200 to meet this year, dividends do not look close at hand.

The preferred stock, however, selling at about $10 a share ex preferred dividend accumulations (the recent price is around $40) certainly does not appear overvalued as a pure speculation of a long term nature. With zinc at current prices and the Silver Dyke investment on a paying basis a more attractive earning power may develop. The common stock, of course, is more speculative; and for the present its chief hope is for an advance in sympathy with the preferred. Recently the common has been selling at a higher price than the preferred ex accumulations.

THE AMERICAN METAL CO., LTD. American Metal, primarily a smelting, refining and selling company, is the second largest independent factor in zinc. Its most important income producing property probably is the copper smelter and refinery at Chrome, N. J., which treats concentrates for Cerro de Pasco and other important companies, but the company also owns and operates a zinc smelter at Langeloth, near Pittsburgh, together with auxiliary zinc products plants, a zinc smelter at Blackwell, Oklahoma, and two at Bartelesville in the same state. Ore is purchased and supplied by the company's own lands in the Joplin district and in the vicinity of Baxter Springs, Kansas. These lands, which aggregate over 20,000 acres, are largely undeveloped, or at least largely unexploited. In other words, its ore position is good. From a mining point of view, American Metal's most valu-

able properties are the Mid-Continent zinc mines and the Penoles silver-lead mines in Mexico. It may be stressed that American Metal's zinc investments are of excellent character, and that its copper refining and selling business is a very stable one.

Earnings in the first nine months were equal to $4.69 a share on the 591,953 shares of common after dividends on the 50,000 shares of 7% cumulative preferred and interest charges on the all but negligible funded debt. For the full year the company will show $6 a share or more, or about $2 a share in excess of the recently increased dividend rate of $4 a share.

The common stock, because of the company's dependable earning power and strong trade position, is entitled to a high investment rating as mining and smelting investments go. If current earnings are maintained and bettered a $5 dividend rate late in 1926 is not impossible. Comparatively speaking it is closely held, thus evidencing the faith of the principal owners in the company's worth. *At around 53 it offers a return of 7.6%, which is decidedly liberal for such a strong investment.*

BUTTE & SUPERIOR MINING CO. In the first nine months of 1925, Butte & Superior produced at its Butte properties roughly 40,000,000 pounds of zinc and 9,400,000 pounds of copper, earning $1.26 a share on the 290,198 shares of capital stock, its only capitalization, before charging off depletion. Since dividend distributions during the period amounted to $1.50 a share and a considerable amount of development work was done, it seems probable that net working capital at present is a little lower than at the end of 1924, when it stood at $1,929,794. Output showed a quarterly decline in the first nine months, due to the lower grade ore mined as the upper levels approach exhaustion.

The 1924 annual report was exceedingly pessimistic about ore reserves, indicating less than two years' available tonnage and declining metal content, but the reports for the second and third quarters of 1925 were much more hopeful. Extensions of both the zinc and copper ore bodies have been located on lower levels, but no estimate is available as yet as to how many months or years of additional life this new ore may mean.

Butte & Superior stock, however, should be regarded as a liquidating investment. In all probability the mine has seen its best days, and there is reason for thinking that its career as a dependable dividend payer is near the close. At around 14 the stock seems to be reflecting as much enthusiasm over recent ore developments as is warranted. *Those who are taking advantage of the current advance to liquidate their stock will probably realize more on their holdings than investors who wait for the final liquidation.*

(*Please turn to page* 582)

New Issue | This Stock has been sold. | January 5, 1926

1,100,000 Shares

The National Cash Register Company

(MARYLAND)

Common A Stock

CAPITALIZATION

(Authorized and to be presently issued)

Common A Stock (no par value)	1,100,000 shares
Common B Stock (no par value)	400,000 shares

The Common A Stock is entitled to preferential cumulative dividends of $3 per share per annum, payable January 15, April 15, July 15 and October 15, before any dividend on the Common B Stock. Subject to this prior right, the Common B Stock is entitled to non-cumulative dividends of $3 per share in any year. Both classes of stock participate equally share for share in additional dividends in any year. The Common A and Common B Stocks participate equally share for share in distribution of assets in liquidation. The Common A and Common B Stocks have equal voting rights except that the Common B Stock has the right to elect a majority of the directors and the Common A Stock the remainder, unless at the time of election the company is in default with respect to two quarterly dividends on the Common A Stock, or with respect to earnings, as provided in the charter, in each of which cases the Common A and Common B Stocks vote equally share for share in the election of directors. Central Union Trust Company of New York, Transfer Agent. The National Park Bank of New York, Registrar.

From his letter to us, Mr. Frederick B. Patterson, President of the company, summarizes as follows:

BUSINESS

The National Cash Register Company has been organized under the laws of Maryland to acquire the entire assets and business of The National Cash Register Company (an Ohio corporation), established in 1882 and today the largest manufacturer of cash registers in the world. The business has grown from an original investment of about $10,000 to its present size through reinvestment of earnings, with the exception of approximately $1,500,000 received prior to 1900 from the sale of stock. We are advised by counsel that certain legal proceedings, pending and threatened, against that company will not seriously affect the assets or business. Sales agencies are maintained in every state of the United States and, directly or through subsidiaries, throughout most of the world. In the United States there are more than 230 sales agencies with over 1,400 sales representatives. The domestic and foreign organizations include more than 10,000 people. The principal plant at Dayton, Ohio, consists of 23 buildings, with a total floor space of over 44 acres, and is considered a model industrial plant. The manufacture of several hundred sizes and types of cash registers meets the varied demands of practically all lines of business.

MANAGEMENT AND CONTROL

The management will be in the hands of the men who have successfully conducted the business. Mr. Frederick B. Patterson, the son of the late Mr. John H. Patterson, the founder of the business, will be President, and will own a majority of the Common B Stock.

EARNINGS

Earnings of The National Cash Register Company (Ohio), as certified by Messrs. Price, Waterhouse & Co., adjusted to include the earnings of foreign subsidiary companies, as taken from the companies' financial returns, shown both after deduction of employees' profit-sharing participations and before deduction of employees' profit-sharing participations, in both cases after depreciation and all other charges and federal income taxes at current rates, have been as follows:

	After deducting employees' profit-sharing participations.	Before deducting employees' profit-sharing participations.
1919	$4,640,414	$6,199,613
1920	3,663,712	5,789,600
1921	2,580,872	3,556,348
1922	3,181,421	4,974,801
1923	3,689,571	6,539,889
1924	5,063,547	6,534,822
1925*	5,942,304	7,807,596

*Including estimates of the management for 1925 as follows: Ohio company for December; foreign subsidiaries and branches for the last three months.

The employees' profit-sharing plan heretofore in effect, the basis and amount of which have varied from time to time, has been discontinued and instead 150,000 fully-paid shares (37½%) of the Common B Stock are being set aside for employees.

DIVIDEND RECORD

The National Cash Register Company (Ohio) has paid cash dividends on its outstanding common stock for every year since 1891—a period of 35 years—except 1898, when a 200% stock dividend was paid.

ASSETS

Current assets, as at November 30, 1925, amount to $32,459,392, compared with current liabilities of $5,695,456, as shown by a pro forma balance sheet as at that date of The National Cash Register Company (Maryland) prepared by Messrs. Price, Waterhouse & Co. from the books of The National Cash Register Company (Ohio), giving effect to the capitalization of the former. Net assets, as shown on such balance sheet, amount to $32,729,348, including domestic and foreign patents (more than 1,200 in number) and good will at $1. Property and equipment, recently appraised at sound values by The American Appraisal Company at not less than $20,000,000, is included at only $6,377,338. The latest financial returns of the foreign distributing companies and branches show net tangible assets in excess of $7,250,000 which item is carried on the balance sheet at $2,948,156. Substituting in the balance sheet the amounts of $20,000,000 and $7,250,000, as above, net assets would amount to over $50,000,000.

Through the issue of its stock The National Cash Register Company (Maryland) will effect the acquisition of The National Cash Register Company (Ohio).

We offer this stock for delivery if, when and as issued and accepted by us, subject to approval of legal proceedings by our counsel. It is expected that delivery will be made on or about January 11, 1926, in the form of temporary stock certificates, or interim receipts of Dillon, Read & Co.

Price $50 per Share

Further information is contained in our circular which may be had on request.

Dillon, Read & Co.

The statements herein have been accepted by us as accurate but are in no event to be construed as representations by us

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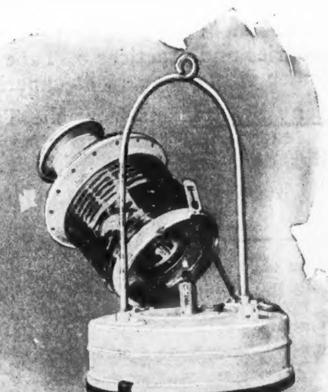

Todd Lamp in Use After 30 Days of Continuous Burning

(*Continued from page* 578)

THE NEW JERSEY ZINC CO. The New Jersey Zinc Company's business originally established in 1848, is mining and smelting of zinc ores and production of all kinds of zinc chemicals, zinc sheets and plates, sulphuric acid and lithopone. The smelting capacity of the plants at Palmerton and Freemansburgh, Pa., is estimated at between 160,000,000 and 170,000,000 pounds of slab zinc per annum.

A large portion of the supply of zinc ore comes from its own mines in New Jersey, but ore also is produced at owned properties in Wisconsin, Oklahoma, Missouri, Colorado, New Mexico, Arizona and Mexico. From an income standpoint, the company's smelting and commercial operations are understood to be more important than its mining ventures.

Although New Jersey Zinc makes public a statement of earnings quarterly, no balance sheet ever has been published. In the first nine months of 1925 net earnings after depreciation, depletion and interest on the $4,000,000 of first mortgage bonds outstanding was equal to $10.12 a share on the 490,812 shares of capital stock of $100 par value outstanding. The company earned $13.05 a share in the year ended December 31, 1924, compared with $13.03 a share in 1923 and $12.55 a share in 1922.

The strong trade position and conservative management of this company has made its stock, recently selling on the New York Curb at around 210, compared with a low of 181 last year, a conservative industrial issue. It pays regular quarterly dividends of $2 and liberal extras. Total distributions last year, including the extra dividends, were $12 a share. *The stock now appears rather high for the time being, but is a suitable holding for conservative investors interested mainly in long range results.*

FEDERAL SMELTING & MINING CO. Due to satisfactory prices in 1925 for lead and silver especially, Federal Mining & Smelting earnings are officially estimated at $51.58 a share on the common stock after preferred dividends for one year. This splendid showing, which compares with a net of $1.06 a share on the common after depletion in 1924, has influenced the directors recently to declare a cash dividend of $19.25 a share on the 120,000 shares of 7% cumulative preferred stock, order a single payment of $10 a share on the common and adopt a resolution declaring it to be the policy of the board hereafter to pay out 50% of net earnings applicable to the common before depletion as dividends on the junior issue. This explains the advance in the preferred from a low of 49½ in March last year to a recent price around 105 and the rise in common from 15¾ in April to 110 recently.

Given more satisfactory average

(*Please turn to page* 584)

(Continued from page 582)

prices for zinc and a favorable lead market, as well as a somewhat increased metal output due to the reopening of the Page Mine in the Coeur d' Alenes, Federal in 1926 may earn nearly $100 a share on the less than 60,000 shares of common stock outstanding, more than half of which are owned by American Smelting. Preferred stockholders, however, have signified their objection to dividends on the common until a depletion reserve equal to $100 a share has been built up back of the preferred stock.

Notwithstanding the favorable earnings of the company (recently net has been running at the annual rate of $70 a share on the common), it must be recognized that Federal's zinc properties are decidedly short lived and that the productive life of the Coeur d' Alenes silver-lead properties cannot be regarded as long. Thus, a substantial part of whatever dividends are paid on the common stock must be regarded as return of principal rather than as income. If favorable metal markets prevail during the remainder of the life of the company's mines, the stock probably is worth the current price. The speculative outlook of the issue, however, is clouded by the preferred stockholders' suit. *The preferred stock ex-dividend acumulations ought to be worth between 90 and 100, but the issue must be treated as primarily speculative.*

BUTTE COPPER & ZINC Anaconda owns more than one-third of the outstanding capital stock of Butte Copper & Zinc, and has leased its mines until 1931 with the understanding that development work will be kept up and that half of the net profits of operation will be turned back into the owning company's treasury. The chief value of the properties to Anaconda is that they secure for the big concern a supply of manganese ore. From a long pull viewpoint, the possibilities in the stock as a speculation are dependent upon the development of copper or zinc ore at depth.

Net earnings in the first nine months of 1925 were 50 cents a share on the 600,000 shares outstanding. In the full year, the 50 cent dividend recently declared (and which may be considered annual) probably was earned by a 25% margin.

Butte Copper & Zinc stock usually is obtainable some time during the year at a little under $5 a share, and at around that price is a reasonable speculation.

Our B Y F I Department Answers Inquiries on Building & Loan Associations

Keep Posted

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE PETROLEUM INDUSTRY

H. D. Williams & Co. are distributing a fifty-four page booklet describing the oil industry and containing many statistics, charts and maps. The booklet also describes the activities of the Lion Oil Refining Co., and pictures some of its properties and equipment. Many interesting deductions are made regarding the future of the petroleum industry, both in this country and abroad. Ask for 359.

PREFERRED STOCKS

of Twenty Power and Light Companies under Electric Bond & Share supervision are described in an interesting booklet. Ask for your free copy 360.

FOR INCOME BUILDERS

This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. Ask for 318.

"MY SELECTION OF THE BEST STOCK"

(*Continued from page 523*)

will result in a saving of 1.4 million dollars in dividends on this account. Shareholders were recently given more liberal participation in the net earnings of $6.99 a share earnings of 1924 and $6.76 in 1923 when the common dividend rate was raised from $3 to $4. *With the preferred stock out of the way and net undoubtedly larger in 1925, it is quite likely that the common stock will receive even greater consideration, possibly in the form of a substantial stock dividend, this year.*—J. B. S.

Sugar

SOUTH PORTO RICO A sugar stock enthusiast may well be viewed askance. Earnings of most companies in this group have not been calculated to stir favorable sentiment during the past year. The extreme depression in raw sugar, due to over-production, has created difficulties for the producer and earnings records for 1925 are almost uniformly discouraging.

To find a company that can show more than $14 a share earned for its common stock in such a period is, to say the least, remarkable. South Porto Rico Sugar Co. not only distinguished itself in this respect but attained the strongest financial position the company has ever enjoyed. Moreover, net profits actually scored a substantial gain over 1924, when a balance of $9.57 was shown for the common.

South Porto Rico is favored, of course, by freedom from tariff duties on sugar sold in the United States, which, in the case of Cuban companies, amounts to 1.76 cents a pound. This fact, by itself, does not account for the company's excellent showing in a year of depression for the industry, though it has an important bearing upon profits. The company's output reached record totals last year and much of the crop was sold at favorable prices due to clever management.

Financial position has been steadily growing stronger in the past few years. Thus, surplus and reserves rose from $953,756 at the close of September, 1921, to 5.24 million dollars at the end of the 1925 fiscal year. In this same period, South Porto Rico has added 7.56 millions to working capital. Current assets, as of September 30, 1925, included 1.81 million dollars cash in addition to 2.35 millions invested in loans and Liberty Bonds. Cash and equivalent assets alone were in excess of four times total current liabilities.

The 11.21 million dollars of $100 par value common stock are preceded by 5 millions of 8% preferred and 4.86 millions of 7% collateral trust bonds. The

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(*Continued from page* 585)

junior shares must be treated rather as a speculation than an investment, of course. Earning power of even the best sugar producers is variable and market action of the common stock is intimately related to this factor.

In view of South Porto Rico's impressive demonstration last year, however, the common is excellently situated to respond to any recovery in raw sugar prices. Even without such a recovery, the company has shown ability to return satisfactory profits in a depressed market for the commodity. Hence, I regard the stock as a desirable holding. —A. J. K.

Automobile Accessories

TIMKEN ROLLER BEARING Timken is one of the most stable motor accessory companies listed upon the New York Stock Exchange. Share fluctuations are not unusually wide, but possess the desired quality of following, closely and faithfully, earnings performance of the corporation. The Timken business has been in existence for over twenty years, but the stock has been upon the New York Stock Exchange only since 1922. In that time low has been 28½, registered in the first year of trading, and high 59⅝ made in the bull market of 1925.

The gradual establishment of a higher price level has reflected increasing earning power and larger dividend disbursements. The company has paid extras as earnings allowed. The present regular rate is $3, with quarterly extras of 25c, putting the stock in effect upon a $4 basis.

Timken has a practical monopoly in the manufacture of bearings for automobiles, and has held its position in the industry through all the changes which have affected motor manufacturers since the war. During 1925 it was announced that the company had made successful tests for the employment of roller bearings on railroad cars. At the same time it was stated that stockholders should not expect immediate return from this development, as it might be several years before general successful adoption. Nevertheless, the idea, so far as can be learned, is essentially sound, and is far enough along, it would seem, to justify the statement that Timken has a potential expansion of earnings base which promises to return very satisfactory results.

Capitalization is very simple, consisting solely of 1,200,232 shares. There is no preferred stock nor any funded debt. At the end of 1924 there were no bank loans and the ratio of current assets to current liabilities was almost ten to one, with cash, government and other marketable securities constituting about half of total current assets.

In 1925 earnings were probably about $7 a share. In selecting a satisfactory accessory stock, care must be taken to provide one whose product is not only essential but also in the position where it will not be supplemented as "fashions" change. *That is an important reason in selecting Timken Roller Bearing, whose stock, while not an investment, is seasoned and with assured dividend paying qualities.*— E. C. M.

Rubber

U. S. RUBBER This issue is selected as the most promising of the tire stocks, or rather as the one which appears still to possess decided possibilities, mainly because of position as regards supplies or crude rubber. The question of supply of raw material, regardless of fluctuations in prices of the crude product, will continue to be a most important one.

For several years past the U. S. Rubber Co. has been cultivating and developing its Sumatra plantations, and in 1925 received decided benefits. There is no secret about these properties. Millions have been spent preparing and in 1925, for the first time, concrete profitable results were met with.

It is estimated that the cost of crude rubber on the plantation is about 15c per pound. The selling price to the parent corporation is the market price and profits are passed along to the plantation company which in turn reimburses the U. S. Rubber Co. for advances made for development work. Fundamentally, it will make no difference whether profits are first accounted for on the books of the plantation company or whether they are passed directly along to the parent company. The percentage of crude supplied to U. S. Rubber from its own plantations is practically sure to increase, thus making the company more and more independent of open market complications.

Dividends upon the common stock have not yet been resumed, probably because bank loans at the end of 1924 were $31,000,000. These bank loans were eliminated through the sale of $30,000,000 serial notes early in 1925. Earnings per share of U. S. Rubber for the 1925 year are estimated to have been about $9 or $10. The treasury position of the company must be vastly stronger than it was a year ago, in fact, thoroughly rehabilitated. Therefore, the question of dividends on the common stock may, very possibly, come up for consideration early in 1926. It may be said that the common stock, by its rise to 97¼ in the fall of 1925, discounted the expectation of dividends, but since then the shares have suffered a decline of almost 20 points and, at the present writing, are in a much stronger technical position than they were. *It would seem reasonable to state that U. S. Rubber is entitled to sell on a somewhat higher level than the shares of other tire companies because of the protection afforded manufacturing operations by the supply of crude rubber. This is a definite, living asset.* —C. H. A.

Chemical

ALLIED CHEMICAL & DYE Because of the very successful and profitable year's business enjoyed by Allied Chemical in 1925, many shareholders are of the opinion that the directors of the company will devote less attention to creating reserve funds and distribute a larger share of earnings in the form of higher dividends on the common stock.

It is conservatively estimated that earnings for 1925 will be in the neighborhood of $9 per share on the junior issue compared to $7.25 for the previous year. Cash on hand, including United States Government securities, will in all probability, reach 64 million dollars, while working capital is considerably in excess of 100 millions of dollars.

It has taken five years to completely eliminate duplications of plants and personnel, following consolidation, but this stage has now been reached. Weaker elements have been reduced and the more profitable units increased. The fact that Allied Chemical has been able to enter Germany and successfully compete against German manufactures with American chemicals at American prices, proves the management's ability and shows that the company has not reached its limit of earning power. Allied Chemical is popularly regarded merely as a chemical company, in the strict sense of the word, but the fact is that there is scarcely a business in the country that does not use this organization's products.

Reports that a stock dividend might be paid have been current. A more likely possibility is that the company will call in its preferred stock. It is generally understood that the company has been a big purchaser of its preferred stock in the open market. Should this prove to be the case, a saving of $2,749,768 required to pay the 7% dividend will be made and add $1.25 a share to earnings on the common stock. *In my opinion, it is only a matter of a short time until those stockholders who have shown confidence in the management will be amply and satisfactorily rewarded by seeing the shares sell at higher price levels and by a larger dividend rate.—J. J. K.*

Petroleum

MARLAND OIL The rapid advancement of Marland Oil Company within the past four years is a tribute to the able management of the company and the foresighted policies of its officers. Prior to 1922, earnings fluctuated greatly between less than a million net income in good years to deficits in poor years. An official estimate of the earnings for the year just closed is 25 million dollars before reserves and, after liberal allowances for depletion and depreciation, the income available for dividends will be between 17 and 18 million dollars.

Marland Oil is engaged in all phases of the oil business from prospecting and development of new territories to the refining and sale of petroleum products.

(*Please turn to page* 588)

It owns extensive retail and wholesale distributing facilities in the Middle West and marketed 25 million barrels last year under contracts with Standard Oil companies. Its holdings of unexplored acreage in Mexico are larger than that of any other single oil company in the United States, the greater part of these leases being located in the western part of the country. It has already obtained commercial production from its eastern Mexican leases. Its present production of close to 50,000 barrels daily is obtained from favorable locations in most of the largest producing fields in Oklahoma, Texas and California.

Marland Oil has no bonds outstanding, having called an issue of 20 million notes at a premium a short time ago; there is no preferred stock outstanding; it has no bank loans to meet and has an exceptionally strong position as far as quick assets are concerned. As of September 30, 1925, the company had current assets of approximately 30 million dollars against current liabilities of 3 million dollars—providing the comfortable ratio of 10 to 1. At this same audit Marland had cash on hand of 13.8 million dollars. Inventories were considerably reduced in the third quarter, indicating that Marland Oil has already started to take its profits on the oil in storage.

The recent dividend of $1 a share is generally interpreted to represent the management's intention of maintaining a $4 annual dividend rate; prior to the December declaration, dividends were paid at the regular quarterly rate of 75 cents a share. *The larger dividend makes Marland more attractive from the investment standpoint and the outlook for further improvement lends additional speculative interest.*

NEW S. O. OF CALIFORNIA WILL OCCUPY STRONG POSITION

(*Continued from page* 537)

acterized the production activities of both companies in the past have worked to the disadvantage of both. Competitive marketing has not been as much of a factor as far as these two companies are concerned but will be a more important factor as far as the West Coast oil business is concerned in other mergers that may follow.

The spread of around 15 points between the market price of Pacific Oil and Standard Oil of California stock represents the theoretical value of the distribution that will be made to Pacific Oil shareholders before the exchange of stock is called for. But for this consideration both issues would sell at the same price level. Over a period of years the relatively stronger position of the new company over its present constituents should be reflected in a higher market valuation of its shares. *Both issues, therefore, have a long-range spec-vestment attraction.*

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NATIONAL LIST COMPANY
24-E William St. Newark, N. J.

Dividends

ORPHEUM CIRCUIT INC.

January 7, 1926.

The above named Company has this day declared a dividend of 16 2/3c a share upon its outstanding common stock, payable February 1, 1926, to stock of record on January 20; also dividend of 16 2/3c a share, payable March 1st to stock of record February 20th; also dividend of 16 2/3c a share, payable April 1, 1926, to stock of record March 20th.

The regular quarterly dividend of 2% upon the outstanding preferred stock was also declared payable April 1st to stock of record on March 15, 1926.

Stock transfer books do not close.

B. B. KAHANE,
Secretary.

CLUETT, PEABODY & CO., INC.
COMMON STOCK DIVIDEND NO. 42

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-five Cents per share on the Common Stock of the Company, payable February 1, 1926, to Stockholders of record at the close of business January 21, 1926. Checks will be mailed by the Irving Bank-Columbia Trust Company.

D. A. GILLESPIE, Treasurer.
Troy, N. Y., January 6, 1926.

MIAMI COPPER COMPANY
61 Broadway, New York

Dividend No. 54

The Board of Directors of Miami Copper Company have this day declared a dividend of twenty-five cents (25c) per share for the quarter year ending December 31, 1925, on the capital stock of the company, payable February 15, 1926, to stockholders of record at the close of business on February 1, 1926. The transfer books of the company will not close.

SAM A. LEWISOHN, Treasurer

JULIUS KAYSER & CO.

A dividend at the rate of seventy-five cents per share upon the shares of the no-par-value Common Stock of Julius Kayser & Co., issued and outstanding, has been declared, payable February 1st, 1926, to the holders of record of such stock at the close of business January 20th, 1926.

Dividend checks will be forwarded by Guaranty Trust Company of New York.

CHARLES J. HARDY, Secretary.

ALLIED CHEMICAL & DYE CORPORATION
61 Broadway, New York

December 29, 1925.

The Board of Directors has this day declared quarterly dividend No. 20 of One Dollar ($1.00) per share on the common stock of this Company, payable February 1, 1926, to common stockholders of record at the close of business January 15, 1926.

V. D. CRISP, Secretary.

HUPP
MOTOR CAR CORPORATION

Detroit, Michigan, January 5, 1926.

The Directors have declared a quarterly dividend of 2½% on the COMMON stock of the Corporation, payable February 1, 1926 to stockholders of record January 16, 1926. Checks will be mailed.

A. VON SCHLEGELL, Treasurer.

Business Opportunities

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Stock Market charts; fundamental estimates daily for all the year 1926. Write L. H. Weston, Brightwood Station, Washington, D. C.

WANTED—Capital secured by first and sole mortgage bonds real estate this section. Advise terms.

C. I. COMPANY
Pennsboro, West Virginia

Dividends

AMERICAN WATER WORKS AND ELECTRIC COMPANY, INCORPORATED

The regular quarterly dividend of 1¾ per cent. on the 7% Cumulative First Preferred Stock of the Company for the quarter ending January 27, 1926, has been declared payable February 15, 1926, to stockholders of record at the close of business on February 1, 1926.

The regular quarterly dividend of 1½ per cent. on the Common Stock of the Company has been declared payable February 15, 1926, to stockholders of record at the close of business on February 1, 1926.

An additional dividend of 2½ per cent. on the Common Stock of the Company has been declared payable on February 15, 1926, in Common Stock at par, to common stockholders of record at the close of business on February 1, 1926.

W. K. DUNBAR, Secretary.
New York, January 6, 1926.

Savannah Sugar Refining Corporation

The Directors of Savannah Sugar Refining Corporation have declared the regular quarterly dividend of 1¾% on the Preferred Stock and $1.50 per share on the Common Stock of the Company both payable February 1, 1926 to stockholders of record at the close of business January 15, 1926.

W. S. PARDONNER,
Treasurer.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

A Dividend of two per cent ($1.00 per share) on the COMMON STOCK of this Company, for the quarter ending December 31, 1925, will be paid January 30, 1926, to stockholders of record as of December 31, 1925.

H. F. BAETZ, Treasurer.
New York, December 21, 1925.

THE WEST PENN COMPANY

New York, N. Y., January 6, 1926.

The Board of Directors of The West Penn Company has today declared a quarterly dividend of one and three-fourths (1¾%) per cent., for the quarter ending February 15, 1926, payable upon the 7% Cumulative Preferred Stock of the Company on February 15, 1926 to stockholders of record at the close of business on February 1, 1926.

C. F. KALP, Treasurer.

SOUTHERN RAILWAY COMPANY

New York, December 10, 1925.

A dividend of one and three-quarters per cent (1¾%) on the Common stock of Southern Railway Company has been declared payable on February 1, 1926, to stockholders of record at the close of business January 9, 1926.

C. E. A. McCARTHY, Secretary.

Printing

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Dividends

MIDDLE WEST UTILITIES COMPANY

Notice of Dividend on Common Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of One Dollar and Twenty-five Cents ($1.25) upon each share of the outstanding Common Capital Stock, payable February 15, 1926, to all Common stockholders of record on the Company's books at the close of business at 1:00 o'clock P. M., January 30, 1926.

EUSTACE J. KNIGHT,
Secretary.

THE WEST PENN ELECTRIC COMPANY

New York, N. Y., January 6, 1926.

The Board of Directors of The West Penn Electric Company has declared the quarterly dividend of one and three-fourths (1¾%) per cent. on its 7% Cumulative Preferred Stock, for the quarter ending February 15, 1926, payable February 15, 1926, to stockholders of record at the close of business on February 1, 1926.

W. K. DUNBAR, Secretary.

WHEN COMMON STOCKS ARE GOLD MINES

(*Continued from page* 503)

ested in is not so much what will the stock pay as—what will it be worth? That is the paramount consideration, for on this factor will depend the ultimate market value of the stock.

It stands to reason, therefore, that those who cannot do without an immediate return, paradoxically cannot afford to buy those securities in which the greatest opportunities exist. They must in that case fall back on bonds or preferred stocks, or on that large class of stocks many of which temporarily pay large dividends but which rest on an uncertain earnings basis.

On the other hand, one should not pursue to its ultimate illogical conclusion that merely because a stock pays a low dividend, it must necessarily hold forth great promise. If that were the case, then all non-dividend paying stocks would be veritable bargains. But then, these points will occur to any intelligent investor and it is beside the mark to stress them here.

What then should the investor look for in the purchase of a common stock? The most important question he will have to answer is this: Is this company capable of growing? Is it in a field which in itself is capable of growth? Has the management foresight? What is it doing that would justify the opinion that it had foresight? What plans has it for expansion? Is the company conservatively capitalized? What is its credit rating? If it has bonds, how are they quoted in the market, high or low? How does its common stock compare in price with others in its field?

The investor will ask these questions and he will ask others. He will want to know the record of earnings and dividends. He will want to know about any recent financing. He will look up the price record of the stock. After he is through, he may decide he was on the wrong track and that the company did not measure up to expectations, for not more than one in a hundred can duplicate the record of a Woolworth, or an American Water Works or an American Tobacco or an American Can.

Perhaps there is one point worth repeating here and that is that it is not the cash dividend which counts so much as the equity in earnings. It is what the future may bring forth rather than the present in which investors would be interested for the present and the past is rather generally already reflected in the market quotations but the future remains the uncertain factor. The prize for gauging most accurately the probable course of the future is one of great reward as the accompanying table clearly indicates. It is worth studying for those who would take a hint of the past in taking advantage of the future. It is also worth studying for the reason that it indicates the immense strides in the market in the past few years with the inference that great opportunities in stocks are not so abundant as formerly.

Important Changes in Capitalization of Leading Companies

Actual Changes Reported Since Our Issue of Dec. 19

(Dates of Stk. Divs. & Rights are dates of record: in previous issues they were dates of payment.)

(*Continued from page* 542)

U. S. REALTY & IMPROVEMENT CO.

Dec. 9—Changed par value: of Com. Stk. from $100 to no par.
Increased: Auth. Com. Stk. from 300,000 shs. to 1,000,000 shs.
Dec. 23—Exchanged: 2½ shs. new Com. Stk. for each sh. old. shs 666,457

UNIVERSAL PICTURES CO., INC.

Dec. 30—Contract, outlined in our Issue of Dec. 19, modified: to include FAMOUS PLAYERS-LASKY CORP. and METRO-GOLDWYN PICTURES CORP. in the partitioning of German film market. Two latter Cos. are to furnish "UFA" with $4,000,000 credit in place of the 15,000,000 marks first contemplated by UNIVERSAL.

UNIVERSAL PIPE & RADIATOR CO.

Dec. 5—Sold: to bankers, at $25, Add. Com. Stk.........shs 45,000
Dec. 12—Offered: to Com. Holders right to subscribe, at $25, to ⅓ sh. Add. Com. Stk. for each sh. held.........................shs 62,240

UTILITIES POWER & LIGHT CORP.

Sept. 1—Acquired: all Cap. Stk. of the NEW ULM GAS CO. (Minnesota).
Sept. 3—Issued: "For general corporate purposes" $150,000 Add. 7% Cum. Pfd. Stk. and 25,000 shs. Add. Class "A" Stk.
Dec. 5—Paid: to Class "A" Holders a Div. of 2⅓% in Class "A" Stk. (or 50c cash) ....shs 4,694
Dec. 23—Increased: Auth. Class "A" Stk. from 250,000 shs. to 400,000 shs.

VIRGINIA RAILWAY & POWER CO. (Controlled by ENGINEERS PUBLIC SERVICE CO.)

Oct. 26—Name changed: to "VIRGINIA ELECTRIC & POWER CO."
Recapitalized: with Auth. Cap. of $15,000,000 7% Cum. Pfd. Stk., 480,000 shs. no-par Com. Stk., and $3,000,000 1st and rfd. mtg. 5s, '55, Series "A."
Oct. 31—Merged: with SPOTTSYLVANIA POWER CO. through exchange of $1,728,333 1-yr. 6% Notes for all Out. SPOTTSYLVANIA Com. Stk., and above 1st 5s for like amount of SPOTTSYLVANIA mtg. Bonds issued under same indenture.
Arranged to offer: new 7% Cum. Pfd. Stk. to customers...$1,500,000
Nov. 5—Sold: on "When issued" basis, $5,000,000 of new 7% Cum. Pfd. (Representing no new financing).

WABASH RY. CO.

Nov. 27—Consideration: for purchase of 19,329 shs. Pfd. and 20,287 shs. Com. (54.64% of Out. Stk.) of ANN ARBOR R. R. CO. from Jules S. Bache was $2,171,862
Dec. 9—Sold: Series "F" 4½% eq. tr. Ctfs., '26-'40.....$4,185,000

WILLYS-OVERLAND CO. (THE)

Dec. 19—Paid: to 7% Cum. Pfd. Holders a Div. of 1.19 sh. Com. Stk. (par $5). By valuing the Com. at $25, this cleared up all back Divs. on Pfd. $1,311,945

1926

BARNSDALL CORP.

Jan. 12—Increased: Auth. Class "A" Stk. from 800,000 shs.. to 1,000,000 shs.
Increased: Auth. Class "B" Stk. from 400,000 shs. to 3,000,000 shs.

CHILDS CO.

Jan. 1—Redeemed: at 105, all CHILDS BUILDING & IMPROVEMENT CORP. 1st mtg. cv. 6s, '26-'35.

ESSEX COTTON MILLS, INC.

Jan. 1—Retired: at $101.75, all 1st Pfd. Stk..............$3,000,000

HOWE SOUND CO.

Jan. 1—Redeemed: at par, all 1st mtg. 6s, '36............$2,686,000

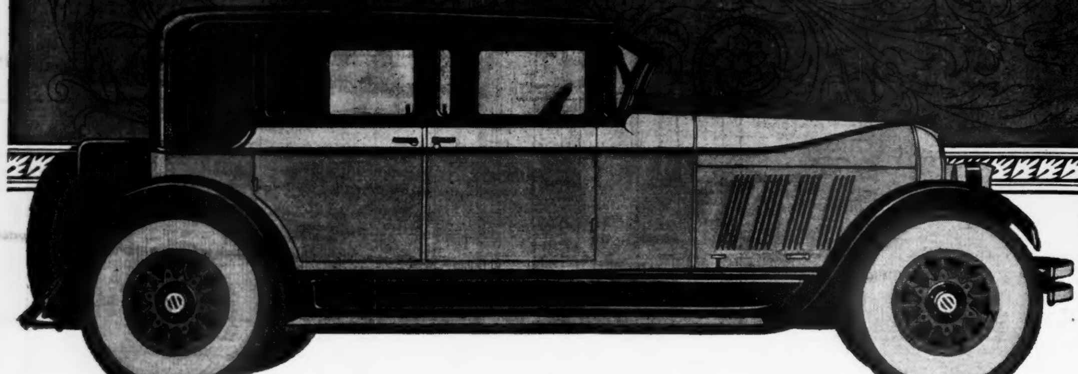
REID ICE CREAM CO.

Jan. 1—Issued: Com. Stk. to certain Employees in payment for extra services ....shs 3,000

WESTON ELECTRICAL INSTRUMENT CORP.

Jan. 1—Redeemed: at 105, all s. f. deb. 6s, '40.............$790,000

STRAIGHT EIGHT $1795



8-88 Brougham, $1795, freight and tax extra. 129" wheelbase. $3\frac{1}{4}$" x $4\frac{1}{2}$" eight-cylinder motor. Finished in latest two-tone lacquer.

For 1926 Auburn again does the unexpected. We were told that in order "to compete" we should shorten our wheelbase, use a smaller engine, cut down here and there and produce a cheaper built car. We are doing exactly the opposite because we believe buyers want *even* better cars, better than *any factory has ever built before.* For 1926 Auburn INCREASES QUALITY—larger motors, heavier frames, better brakes, finer bodies, more expensive interiors and greater and larger value in every way. Again we emphatically state that prices must be revised because of Auburn's remarkable new value. Auburn again forces a new standard of comparison. *This* is leadership.

E. L. Cord

THE EIGHT—Not a "little eight," but a more powerful, more buoyant, more rugged, 129-inch wheelbase *quality* car. An even *better* Eight than last year, with performance and riding qualities that can only be obtained with long wheelbase and large motor.

THE SIX—A *real* Six, not a miniature. More room, more comfort, more enduring quality. Low, smart and rugged, it is today's utmost in Six cylinder value. If you do not find it even *better* than we claim, you will not be asked to buy. **Brougham** *(four door),* **$1495.**

THE FOUR—Ten years of comfortable, dependable, economical transportation! Riding qualities possible only with long wheelbase. Power and long life possible only with large motor of sufficient size to always have ample reserve power. **Sedan, $1195.**

Auburn Automobile Company, Auburn, Indiana, U. S. A.

8-88 Sedan, $1,995; 8-88 Brougham, $1,795; 8-88 Roadster, $1,695; 8-88 Coupe, $1,745; 6-66 Sedan, $1,695; 6-66 Brougham, $1,495; 6-66 Roadster, $1,395; 6-66 Coupe, $1,445; 4-44 Sedan, $1,195; 4-44 Coupe, $1,175; 4-44 Roadster, $1,145. Freight and tax extra.

AUBURN 8 EIGHTY EIGHT

LOOKING FORWARD FROM OUR 25th Anniversary

by MYRON E. FORBES, *President, The Pierce-Arrow Motor Car Company*

IN scarcely more than a quarter century, a new industry has grown to be the largest in America. New names have appeared in the nation's commerce. Names to conjure with—Ford, Dodge, Packard, Cadillac, Pierce-Arrow, and many others.

The amazing progress of the automobile industry has been due, in large measure we believe, to the broad vision, the friendly helpfulness and the unselfish co-operation of the men engaged in it.

But, remarkable as have been the accomplishments of these men, they are not yet satisfied. They are looking forward to even greater achievements. They are continuing in their co-operative efforts—that betterments and economies may be effected, comparable to nothing that has gone before.

We are proud to have been one of these guiding influences in this industry—an industry that has re-shaped the habits of a nation. We are proud of these broad-visioned competitors of ours, each of whom has contributed generously and unfailingly toward its upbuilding and success.

Since the beginning, Pierce-Arrow craftsmen have sought to create the utmost in quality, the zenith of motor car value. To these men honor for Pierce-Arrow success is due.

On the occasion of this, its twenty-fifth anniversary, Pierce-Arrow pledges itself to produce even finer cars—to create even greater values.

M E Forbes